

SUMMARY - MEETING NO. 274

HAWAII COMMUNITY DEVELOPMENT AUTHORITY

State of Hawaii

August 6, 2003 - 9:00 a.m.

Hawaii Community Development Authority
677 Ala Moana Boulevard, Suite 1000, Conference Room
Honolulu, Hawaii 96813

ATTENDANCE

Members Present: Lori Ann Lum; James Kometani; Patrick Kubota; Katherine Thomason (for Russ Saito); Theodore Liu; Gary Kondo; Rodney Haraga; Wanda Kimura (for Stanley Shiraki); Paul Kimura

Eric Crispin; Micah Kane; Maeda Timson, William J. Aila Jr.; Evelyn Souza (Kalaeloa Members)

Members Absent: Allan Los Banos; Michael Goshi

Others Present: Jan Yokota; Mark Anderson; Melvin Nishimoto; Matthew Akamu; Cal Machida; Susan Tamura; Teney Takahashi; Gayle Ito; Irene Iha; Neal Imada; Marvin Uehara; Miko Dargitz-Hallett; Sandy Pfund; Annette Kawasaki; Francine Champoux (also, see Meeting Attendance Record)

Vice Chair Kometani took this opportunity to acknowledge Executive Director Jan Yokota; on behalf of the Authority, Vice Chair Kometani expressed his appreciation for Ms. Yokota's dedication and hard work throughout her tenure. He added that Ms. Yokota will be missed and presented her with a lei. Ms. Yokota thanked the Authority for giving her the opportunity to be part of an exceptional team, and added that she really enjoyed working with each and every Member.

It is noted that today's Agenda Items were taken out of order.

I. ROLL CALL

The meeting of the Hawaii Community Development Authority was called to order on August 6, 2003 by Vice Chair James Kometani at 9:25 a.m. with the following roll call:

Vice Member Kometani	Present
Member Kimura, P.	Present
Chair Lum	Arrived at 10:45 a.m.
Member Kondo	Present
Member Kubota	Present
Member Thomason	Present
Member Liu	Present, left at 10:30 a.m
Member Anderson	Arrived at 10:30 a.m .
Member Haraga	Present
Member Kimura, W.	Present
Member Crispin	Present
Member Kane	Present
Member Timson	Present
Member Aila Jr.	Present
Member Souza	Present

MATERIALS DISTRIBUTED

1. Agenda for August 6, 2003 Meeting;
2. Summary Minutes of Regular Meeting of July 2, 2003;
3. Summary Minutes of Special Meeting of July 16, 2003;
4. Information Item: Kalaeloa Status Report;
3. Action Item: Selection of an Executive Director;
4. Action Item: Approval of the Request by The Wedding Ring Shop for Variances from the kakaako Community Development District Mauka Area Rules (V 1-03);
5. Action Item: Request to Grand an Easement to unset Heights Hawaii, LLC for a Sewer Line on HCDA Property.

II. APPROVAL OF MINUTES

1. Regular Meeting of July 2, 2003 and Special Meeting of July 16, 2003

Vice Chair Kometani asked if the Members had any corrections to the minutes.

There were none.

It was moved by Member Haraga and seconded by Member Kane that the Minutes of the Regular Meeting of July 2, 2003 and the Minutes of the Special Meeting of July 16, 2003 be approved, as written. The motion passed unanimously.

III. REPORT OF THE EXECUTIVE DIRECTOR

Ms. Yokota noted that the Executive Director's report was enclosed in the packet distributed to the Authority Members and said that she would be happy to answer any questions regarding the report.

Vice Chair Kometani asked the Members if there were any other questions regarding the Executive Director's report. There were none.

IV. ITEMS FOR INFORMATION

- A. Ms. Yokota circulated an updated status report for Kalaeloa. She pointed out that the Kalaeloa Members had requested that a Navy representative be present at this meeting. She said that Randy Hoffman was not available but that Genie Wery was representing the Navy and would be giving her report.

Ms. Yokota mentioned that HCDA had several meetings among the various City and State stakeholders. Further discussion is pending because of some military operations that may affect Kalaeloa itself. HCDA is hoping that a decision is made sometime this year.

Ms. Yokota also mentioned that the City Department of Environmental Services executed the license for the Kalaeloa Wastewater System. The anticipated date for transfer of the system is September 30, 2003.

The City Board of water Supply executed the license for the the Kalaeloa Water System. The anticipated date for transfer is about one year from now.

Additionally, Ms. Yokota said that a number of different State Agencies have transferred funding for Kalaeloa. She thanked the Department of Hawaiian Home Lands and the Department of Transportation for those funds. She added that more funds should be coming from the University of Hawaii

Ms. Yokota mentioned that there was some Federal Conservancy Legislation that allows the U.S. military to convey properties with environmental significance at no cost to non-profit conservation organizations. Ms. Yokota believes that the Navy would like to use this mechanism to dispose of the parcels that are known as the Western Heritage Park and the Akoko parcels. These

are the ones that are seriously encumbered with different archeological features.

Ms. Yokota introduced Ms. Genie Wery as today's Navy representative. Ms. Wery used a colored map to identify the different areas of Kalaeloa. Ms. Wery started with describing a 77-acre green parcel which is largely undeveloped; it is used by the Navy for the assembling of ordinances. This particular parcel has only a wooden structure left, an open pavilion. The parcel is primarily covered in halekoa and, agave grass, typical area vegetation; however, the parcel has a large number of archeological sites which makes it a challenge to convey.

Ms Wery stated that, earlier this year, a new authority was passed, allowing the military to convey property for natural resource conservation purposes to an eligible entity. Such entity could be a State of subdivision of a State agency, or a non-profit group whose primary purpose was the conservation of natural resources. Under this authority, there would be requirements that it be used for the conservation of natural resources in perpetuity and that it could be conveyed at less-than-fair market value or even at no cost if, based on the value to the United States of Conserving Natural Resources.

Ms. Wery reiterated that this was a new authority and that the Navy was working through its implementation. Ms. Wery explained that this would be a two-step process. The first step would be to get a request for qualified applicants; then the qualified applicants would be required to submit a proposal or Natural Resource Management Plan which would identify how they would use the property. Based on the applications, the Navy would make a selection and award this property.

The property would be awarded based on the applicant's demonstrated ability and experience in owning and managing real property for natural resource conservation purposes, and it would also be based on the scope and the detail of the applicant's natural resources management plan, the resources that the group has to actually manage the property, and the type of consideration in the form of money that they would be offering for the property.

Ms. Wery said that, currently, the Navy is awaiting for the Secretary of the Navy to make a determination whether this property is suitable for use under this conservation conveyance authority.

Vice Chair Kometani asked the Members if they had any questions.

Member Aila asked what would happen if nobody came forward requesting conveyance of the parcel.

Ms. Wery responded that the Navy would have to look at other conveyance methods or authorities, possible sale.

Member Crispin inquired whether it could be "gifted" to the City.

Ms. Wery responded that there were certain authorities by which property could be conveyed, for education purposes, park purposes, etc. These are called "Public Benefit Conveyances" where the Navy is able to get the property to the State or the City at no cost, under those authorities. If the Navy is unable to do that, then the Navy would look at other alternatives, one of which could be sale of the property.

Member Timson asked Ms. Wery to give the Authority the status on all the licensing transfers for different parcels. Member Timson said that she is concerned that a lot of it has yet to be done.

Ms. Wery used the Kalaeloa colored map to point out the different parcels and their status.

One was conveyed to the State Department of Transportation; the airport was conveyed; another parcel was conveyed to the Fish and Wildlife Service for endangered species; 20 acres of another property were conveyed to the Board of Water Supply for a desalination plant; another property was conveyed to the University of Hawaii; another was conveyed to the Community College; others were conveyed to the Department of Hawaiian Home Lands. The Postal Service has been conveyed property, as well as the Veteran's Administration; two parcels have been conveyed for homeless purposes; another parcel went to the FAA, another went to the Coast Guard.

Ms. Wery then said that the Navy was working on the negotiation sale of ten acres to the Board of Water Supply so that they can have a larger parcel; with respect to Hawaiian Home Lands, there were three parcels that had yet to be conveyed; because there are endangered species on these parcels, they have to go to Section 7 consultation with the U.S. Fish and Wildlife Service.

VI. ITEM FOR ACTION

2. Election of Hawaii Community Development Authority Officers for Fiscal Year 2003-2004.

Chair Lum stated that, pursuant to the HCDA by-laws, new officers are elected and begin serving in July of each year. Chair Lum opened up the nominations for the positions of Chair, Vice Chair and Secretary.

Member Kubota nominated Lori Lum as Chair, James Kometani as Vice Chair, and Michael Goshi as Secretary. Member Kondo seconded the motion.

Since there were no other nominations, Chair Lum suggested that the Members vote for the nominees as a slate.

The motion passed unanimously.

V. EXECUTIVE SESSION

Relating to the Selection of a New Executive Director.

It was moved by Member Kubota and seconded by Member Thomason to go into Executive Session Relating to the Selection of a New Executive Director. The motion passed unanimously. Note: There were fifteen (15) affirmative votes.

The Hawaii Community Development Authority convened in Executive Session at 9:20 a.m.

It was moved by Member Kubota and seconded by Member Kometani to reconvene the regular meeting at 10:45 a.m. The motion passed unanimously.

The Kalaeloa Members departed the meeting at 10:45 a.m.

VI. ITEMS FOR ACTION (continuation)

3. Approval to Authorize the Executive Director to Sell a Remnant Parcel on Queen Street (TMK: 2-1-48: 04).

Ms. Ito summarized the Action Item report distributed to the Authority concerning this matter.

For discussion purposes, it was moved by Member Kometani and seconded by Member Goshi to authorize the Executive Director to sell a remnant parcel on Queen Street (TMK: 2-1-48: 04) in accordance with the process outlined in Section 171-52, HRS.

There being no discussion, Chair Lum called for a vote.

The motion passed unanimously.

4. Approval to Authorize the Executive Director to Enter into an Agreement with the Department of Land and Natural Resources and to Expend Revolving Funds for Maintenance of the Kakaako Waterfront and Kewalo Basin Parks.

Ms. Ito summarized the Action Item report distributed to the Authority concerning this matter.

For discussion purposes, it was moved by Member Kubota and seconded by Member Goshi to authorize the Executive Director to: (1) execute an agreement to continue the provision of maintenance services by the Department of Land and Natural Resources (DLNR) for the Kakaako Waterfront and Kewalo Basin Parks; and (2) expend HCDA revolving funds that would be transferred to DLNR, in an amount not to exceed \$100,000, for the period from July 1, 2003 to June 30, 2004.

There being no discussion, Chair Lum called for a vote.

The motion passed unanimously.

5. Approval to Expend Funds, Advertise for Bids and Award Contracts for the Partial Demolition and Clearing of the Property on the Kakaako Waterfront Formerly Leased to GRG Enterprise, Inc.

Ms. Pfund summarized the Action Item report distributed to the Authority concerning this matter.

For discussion purposes, it was moved by Member Kubota and seconded by Member Goshi to authorize the Executive Director to: (1) expend general obligation bond funds in an amount not to exceed \$95,000; and (2) to advertise for bids and award a contract to the lowest responsible bidder for the partial demolition and clearing of the property formerly leased to GRG Enterprise, Inc. Expenditure of these funds is subject to the availability of appropriated funds and the approval of the Governor.

There being no discussion, Chair Lum called for a vote.

The motion passed unanimously.

6. Approval to Extend the Period of Exclusive Negotiations with the University of Hawaii for the Leasing of Land for a Cancer Research Center on the Kakaako Waterfront.

Ms. Yokota excused herself for the duration of this Action Item.

Ms. Pfund summarized the Action Item report distributed to the Authority concerning this matter.

For discussion purposes, it was moved by Member Kubota and seconded by Member Kometani to: (1) extend the period of exclusive negotiations with the University of Hawaii for a period of six (6) months for the leasing of land for a Cancer Research Center on the Kakaako Waterfront; and (2) authorize the Executive Director to

execute an amendment to the Agreement for Exclusive Negotiations reflecting this extension to the term of the Agreement, with other terms and conditions of the Agreement remaining in full force and effect.

Chair Lum opened the floor for discussion.

Member Shiraki inquired about the fact that the area is being dedicated for parking for five years, but that the parking agreement is on a month-to-month basis. He asked for clarification. Ms. Pfund responded that there was an initial agreement under which the HCDA has the option to terminate the parking agreement provided that HCDA assists the University in finding an alternative parking site.

Member Shiraki further inquired about the negotiations for the Cancer Research Center site. Ms. Pfund responded that HCDA is hoping to get rental revenue for the site. Member Shiraki asked about the projected level of rents to be charged. Ms. Pfund responded that this would be a policy matter but that the HCDA is considering market-type rents at this time.

There being no further questions, Chair Lum called for a vote.

The motion passed unanimously.

Ms. Yokota rejoined the meeting at the conclusion of this last Action Item.

IV. ITEMS FOR INFORMATION (continuation)

B. Presentation by Peter Vincent and Associates on the Variance Request for the Wedding Ring Shop Project.

Ms. Tamura summarized the Information Item distributed to the Authority concerning this matter.

Ms. Tamura then introduced Mr. Grant Chun to the Authority. Mr. Chun is Project Designer for Peter Vincent and Associates and would be presenting information to the Authority on the proposed project and variance request.

Ms. Tamura also introduced Mr. Michael Han, the owner of the Wedding Ring Shop, who would also be available to answer questions after the presentation.

Mr. Chun thanked the Authority for the opportunity to introduce the project. He used several renderings to

describe the location of the site and details of the project. Mr. Chun mentioned that the site has a very narrow configuration. The site is 147 feet long, 50 feet wide at its deepest point, and 42 feet wide at its narrowest point. The narrowest end of the property faces Kapiolani Boulevard. The parcel is 6,403 square feet and is located at the corner of Kapiolani Boulevard and Pensacola Street. Currently, the property is used by Bargain Auto Sales, a used car dealer.

Mr. Chun added that The Wedding Ring Shop is proposing to develop the property by constructing a new, upscale specialty retail commercial building. The project would include retail sales, jewelry manufacturing, storage and support areas.

Mr. Chun stated that the three-story building would have parking and loading areas on the ground level together with an entry lobby. Retail and jewelry manufacturing operations will be located on the second floor. Additional manufacturing, meeting and office spaces will be located on the third level. He said that there would be a two-story glass façade on the corner of Kapiolani and Pensacola that will improve the appearance of the property and the character of the area.

Mr. Chun then provided an overview of the variances requested by the applicant.

First, according to the HCDA Mauka Area Rules, the minimum front yard setback is 15 feet, with every yard bounded by a street considered a front yard. The Wedding Ring Shop is proposing a variance to reduce the setbacks on Kapiolani Boulevard and Pensacola Street to 10 feet, and to a zero setback along Hopaka Street. These setback variances would help to maximize the useable area for the construction of the project. Mr. Chun also said that the proposed setback adjustments would add 1,200 square feet to the building footprint.

A variance is also being requested to reduce the parking requirement. The project proposes 3,800 square feet of commercial use and 3,800 square feet of industrial use, which would require 13 on-site parking stalls under HCDA's Mauka Area Rules. After considering various parking layouts, the 90-degree configuration was found to be the most efficient, while also providing the greatest number of stalls. The Wedding Ring Shop is requesting that the parking requirements for this project be reduced to nine stalls, plus one loading stall. This is the maximum

number of parking stalls that can be accommodated on the site. Mr. Chun explained that the nine stalls are adequate for the site because The Wedding Ring Shop is a business that, unlike a restaurant, fast food service, or other similar operation, does not service a large volume of customers at one time. He noted that, due to the nature of the business, a handful of customers in the store could result in a day of high revenue.

Additionally, The Wedding Ring Shop is requesting a third variance that would allow vehicular maneuvering to occur within the setback area.

Mr. Chun summarized his presentation by saying that, due to the site constraints and the constraints of the HCDA Mauka Area Rules, the site could not feasibly be developed without the requested variances. Mr. Chun added that the variances will not alter the essential character of the locality. He also noted that The Wedding Ring Shop would enhance and improve the character of the area.

Mr. Chun concluded his presentation by informing the Members that more technical information would be provided at the Authority meeting in August.

Chair Lum asked the Members if they had any questions on Mr. Chun's presentation.

Member Goshi reminded Mr. Chun to check the sight line requirements.

Member Kubota asked Mr. Chun what impact the Hopaka Street setback would have on the building if it were to be 5 feet instead of zero. Mr. Chun responded that the effect of the zero setback is to maximize the amount of parking.

Member Kubota then asked what the minimum amount of parking was that would be considered sufficient for the store to be successful. Mr. Han responded that any fewer than 9 parking stalls would negatively impact the project. Mr. Han added that he had contacted the Blackfield Building to inquire about leasing parking stalls in that building to provide additional parking.

Member Kubota asked what uses will be housed on the third floor. Mr. Han responded that the third floor will be dedicated to administration and offices, and some manufacturing operations.

Member Kometani asked whether 9 stalls were sufficient if the store's clientele should arrive in tourist limousines or vans. Member Kometani added that this could easily create a traffic problem. Mr. Han responded that The Wedding Ring Shop's customer base was 95% local, and that he did not expect significant patronage from the visitor market. Mr. Han also said that he considered his store very community friendly because it is a quiet store with limited traffic.

There were no other questions.

V. ADJOURNMENT

Chair Lum asked whether there were any other matters to be brought to the attention of the Authority Members.

There being no other business, it was moved by Member Kometani and seconded by Member Goshi to adjourn the meeting at 11:30 a.m. The motion passed unanimously.

Respectfully submitted,

/s/ Michael Goshi

Michael Goshi
Secretary