

SUMMARY - MEETING NO. 277

HAWAII COMMUNITY DEVELOPMENT AUTHORITY

State of Hawaii

November 5, 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; Theodore Liu; Gary Kondo; Linden Joesting; Michael Goshi; Stanley Shiraki; Paul Kimura; Allan Los Banos; Katherine Thomason

Kalaeloa Members: Eric Crispin; Micah Kane; Maeda Timson; William Aila Jr.; Evelyn Souza

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

Chair Lum welcomed and introduced the newest Authority Member, Ms. Linden Joesting, new Deputy Director for the Department of Transportation.

I. ROLL CALL

The meeting of the Hawaii Community Development Authority was called to order on November 5, 2003, 2003 by Chair Lori Ann Lum at 9:00 a.m. with the following roll call:

Chair Lum	Present
Member Kometani	Present
Member Goshi	Present
Member Kimura	Present
Member Kondo	Present
Member Kubota	Arrived at 9:05 a.m.

Member Liu	Arrived at 9:05 a.m. and left at 10:40 a.m.
Member Anderson	Arrived at 10:40 a.m.
Member Joesting	Present
Member Shiraki	Present
Member Los Banos	Present
Member Thomason	Present
Member Crispin	Arrived at 9:10 a.m.
Member Kane	Arrived at 9:15 a.m.
Member Timson	Present
Member Aila	Arrived at 9:05 a.m.
Member Souza	Present

MATERIALS DISTRIBUTED

1. Agenda for November 5, 2003 Meeting;
2. Summary Minutes of Regular Meeting of October 1, 2003;
3. Information Item: Kalaeloa Status Report;
4. Information Item: Presentation by Architects Hawaii Ltd. on the Proposed Moana Pacific Planned Development Project (formerly Mahana Towers);
5. Action Item: Approval to Authorize the Interim Executive Director to Expend Public Facilities Dedication Funds for Improvements at Kewalo Basin and Kakaako Waterfront Parks;
6. Letter from Laurence Preble of KUD International LLC;
7. Amended Honuakaha Agreement for Roof Repairs.

II. APPROVAL OF MINUTES

1. Regular Meeting of October 1, 2003

Chair Lum asked if the Members had any corrections to the minutes.

Member Thomason stated that there was one correction to the minutes. She noted that the ROLL CALL listed Member Saito instead of Member Thomason.

It was moved by Member Kometani and seconded by Member Los Banos that the Minutes of the Regular Meeting of October 1, 2003 be approved, as corrected. The motion passed unanimously.

III. REPORT OF THE EXECUTIVE DIRECTOR

Ms. Pfund noted that the Executive Director's report was enclosed in the packet distributed to the Authority Members.

Chair Lum asked the Members if there were any questions regarding the Executive Director's report.

There were none

Chair Lum mentioned that, in order to accommodate some Members' schedules, today's first Executive Session will be taken out of order and held first.

Chair Lum requested that the record reflect that Members Kubota, Liu and Aila have joined the meeting.

V. EXECUTIVE SESSION

2. Status of the Executive Director Search Pursuant to §§92-5(a) (2), Hawaii Revised Statutes

It was moved by Member Kondo and seconded by Member Los Banos to go into Executive Session to Discuss the Status of the Executive Director Search Pursuant to §§92-5(a) (2), Hawaii Revised Statutes. The motion passed unanimously. Note: There were fourteen (14) affirmative votes.

Chair Lum requested that the record reflect that Members Crispin and Kane joined the meeting during the Executive Session.

The Hawaii Community Development Authority convened in Executive Session at 9:10 a.m.

It was moved by Member Thomason and seconded by Member Joesting to reconvene the regular meeting at 9:45 a.m. The motion passed unanimously.

IV. ITEMS FOR INFORMATION

A. Navy Report for Kalaeloa and Required HCDA Actions

Ms. Pfund noted that Mr. Randy Hoffman, Navy Representative, was present and available to answer any questions from the Members, and that Mr. Hoffman did not have a report at this time.

Ms. Pfund reminded everyone about the Informational Meeting scheduled for November 13, 2003, at the James Campbell Building, 7:00 p.m. Staff has sent notices

regarding this meeting to community groups, neighborhood boards and governmental agencies. Ms. Pfund expects a good attendance at the meeting.

Ms. Pfund then circulated an updated table summary of the administrative bill prepared by HCDA regarding the proposal to confer upon the Authority the ability to request health and safety inspections by appropriate authorities, and as a last resort, to empower the Authority to issue citations and to charge penalties to land owners and licensees who do not maintain their properties at Kalaeloa.

Ms. Pfund added that a copy of the administrative bill was sent out to the stakeholder groups and various organizations for comments. To date, a few people are supportive of the intent, and most of the concerns relate to the need for ample notice to be given before any penalties can be assessed. HCDA will be careful to include the appropriate language to make sure that fair warnings and appropriate notices are given before taking the last resort of issuing a penalty.

Member Liu noted that his department was in the process of discussing all the bills and that no decision had been made at this time. The only comment that Member Liu received is that the Governor is interested in making sure that all her departments collaborate, cooperate, and comply with the law. If it comes down to having legislation to force the departments to comply, the Governor will take the position that the Directors are not doing their jobs. DBEDT has been trying to put through a few bills relating to submission of drafts to the Small Business Regulatory Review Board. The Governor's point is that, if her departments are not already doing that on their own, something is wrong.

Member Liu however added that, in this particular case, there are some other non-administration departments involved, so the proposed bill may be considered differently from a purely internal matter. Member Liu said that this was the only partial feedback that he had received, and that he understood why it is necessary.

Member Crispin requested a clarification on the proposed bill. He asked if the proposed bill would apply only to governmental agencies, or any landowner.

Ms. Pfund responded that all landowners within the Kalaeloa district would be included.

Member Crispin mentioned that such a system is already in place at the City & County level. The City has the ability to impose fines, primarily for the private sector. He added that the City receives constant complaints and the general public is inclined to believe that the penalty system is not strict enough. The law acts mostly as a reminder and a wake-up call.

Ms. Pfund noted that, after talking to different landowners, she believes that this legislation would be beneficial; many of the landowners have limited resources and ability to take care of the different lands that they own. Therefore, getting a notice of violation would give them the ability to request the necessary funds to correct the situation.

Member Timson added that, when the base closure occurred, the community saw the "land grab" and then the land just sat there. For the community living around the neglected lands, it is a constant eyesore. The Community had hoped that the new landowners would maintain their properties in a civil manner. She pointed out that the Navy had not been as cooperative as she had hoped, adding that the Navy had requested to be excluded from maintaining their properties. It is Member Timson's opinion that every landowner should be included in this legislation.

Chair Lum asked the Members if they had any other comments.

There were none.

Ms. Pfund asked Mr. Hoffman for his input. Mr. Hoffman noted that the Navy would be giving a detailed presentation at the upcoming Informational Meeting. The presentation will include what was done with the BRAC portion of the Base so far, how many acres have been transferred, what lands are left and what the schedule is for the lands that are still available; he added that there would be a presentation on the area that the Navy has retained as well.

Member Kane informed Ms. Pfund that his Department's comments should be received by HCD within a day or so.

Member Timson wanted to add a comment concerning the upcoming Informational Meeting. She suggested that there be a public forum after the meeting to give the community a chance to ask questions and share their comments.

Chair Lum indicated that this report concluded the Kalaeloa portion of the meeting. Chair Lum invited the Kalaeloa Members to stay if they wished. All the Kalaeloa Members left at 10:00 a.m.; Members Shiraki and Kondo also left at 10:00 a.m.

Chair Lum mentioned that some of the participants for the second Executive Session were stuck in the building elevator and awaiting elevator technicians to let them out. Therefore, the next item will also be taken out of order.

VI. ITEMS FOR ACTION

4. Approval to Authorize the Interim Executive Director to Expend Public Facilities Dedication Funds for Improvements at Kewalo Basin and Kakaako Waterfront Parks.

Mr. Uehara summarized the Action Item distributed to the Authority concerning this matter.

For discussion purposes, it was moved by Member Liu and seconded by Member Los Banos to authorize the Interim Executive Director to expend public facilities dedication funds for improvements at Kewalo Basin and Kakaako Waterfront Parks.

Member Kubota asked how much money was in the Facilities Dedication Funds.

Ms. Pfund responded that there was approximately \$18 million dollars. Ms. Pfund added that these monies are to be used within the Kakaako jurisdiction for public facilities improvements and capital expenditures.

Member Liu inquired about the procedure used by HCDA to get the project going.

Mr. Uehara responded that one of the first things to do is to initiate a discussion with State Parks to determine what portion of the repairs they can handle. Taking into account State Parks' tight budget situation, a determination will be made as to what will be handled by State Parks, and what will be handled by HCDA.

Once the initial determination has been completed, HCDA will work with a consultant to package a Request for Proposals or Invitation to Bid.

Member Goshi inquired about the specs on the items to be replaced or repaired. As an example, the Parks' tables and benches are currently in need of

replacement. If HCDA selects the low bidder, Mr. Goshi fears that we may not necessarily be getting the best product. He asked whether there was a way to check the specs so we get a product that is more resistant to corrosion before going ahead with a project.

Mr. Uehara responded that HCDA had just recently selected a bidder to replace a number of tables and benches at the Kakaako Waterfront Park; the bids were based on specs drawn up by a consultant. Those specs required fiberglass rebars, rather than iron rebars, and are therefore more resistant to corrosion. This project should be completed by the time HCDA is ready for the next round of repairs.

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

The motion passed unanimously.

5. Amendment to the Approval to Expend General Obligation Bond Funds to Retain Special Legal Counsel on Environmental Issues for Developing Projects in the Makai Area of Kakaako Dated May 1, 2002.

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 Thomason to amend the approval to expend general obligation bond funds to retain special legal counsel on environmental issues for developing projects in the Makai area of Kakaako dated May 1, 2002.

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

The motion passed unanimously.

V. EXECUTIVE SESSION

3. Status of the Honuakaha Project Pursuant to §§92-5(a) (3) and §§92-5(a) (4), Hawaii Revised Statutes.

It was moved by Member Kometani and seconded by Member Kubota to go into Executive Session Relating to the Status of the Honuakaha Project Pursuant to §§92-5 (a) (3) and §§92-5 (a) (4), Hawaii Revised Statutes. Note: There were nine (9) affirmative votes.

The following persons were asked to participate in the Executive Session: Mr. Nishimoto, Mr. Takahashi, Ms. Pfund, Mr. Schnell and the Honuakaha owners present.

The Hawaii Community Development Authority convened in Executive Session at 10:05 a.m.

Member Liu left at 10:40 a.m. and was replaced by Member Anderson.

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

IV. ITEMS FOR INFORMATION (continuation)

B. Presentation by Architects Hawaii Ltd. on the Proposed Moana Pacific Planned Development Project (formerly Mahana Towers)

Mr. Imaoka summarized the Information Item distributed to the Authority concerning this matter.

Mr. Imaoka stated that, after years of stagnation, a renewed interest in residential development seems to be emerging in the Kakaako district. Mr. Imaoka added that there were several different types of development that have been constructed over the years, from highrise to mid-rise type projects, to single family homes, and duplexes.

The site in question is situated on the Diamond Head portion of the Kakaako district, representing one of the most prominent development sites in the District. The site is bounded by Kapiolani Boulevard, Piikoi, Pensacola and Kamaile Streets, and is approximately 6 acres in size.

The developer, KC Rainbow Development Corporation, LLC, is proposing to construct a twin tower residential project with a limited industrial component along Kapiolani Boulevard.

Due to its location and scale of the project, the HCDA has encouraged the developer to include considerations for sensitive urban design, particularly along Kamaile Street, which is a residential area.

HCDA also expressed concerns over traffic generated and its impact along the adjacent streets, and has asked the developer to communicate the project ideas to the Ala Moana Kakaako Neighborhood Board, Kakaako Improvement Association, as well as area residents.

The applicant is scheduled to request Authority approval of the project at the December 2003 meeting.

Mr. Imaoka introduced Mr. Allan Leong, Project Coordinator, to the Members.

Mr. Leong reiterated that the developer of this project has been working with the different neighborhood organizations to keep them informed about the plans. Meetings and mail-outs have been part of their efforts to get public feedback. At those meetings, no negative comments were received.

Mr. Leong added that they are not seeking any variances or modifications for their project.

Mr. Leong introduced Mr. Joe Farrell of Architects Hawaii.

Mr. Farrell described the project using sketches and colored boards, showing views from Kapiolani Boulevard, and from Piikoi Street looking in the Ewa direction.

Mr. Farrell pointed to the two apartment towers which will contain 350 units each, including one, two, and three-bedroom apartments, with only 9 units per floor. Both towers are generously spaced to minimize congestion. The five-story parking structures will be covered with an elegant opaque grill, and the light industrial structure will be along the Kapiolani Boulevard side.

Mr. Farrell described the oval-shaped towers, as being a significant part of the glass building. The intention of the project is to be very simple and being a major backdrop for landscaping, taking advantage of the blue skies of Hawaii, the views, the mountains and the ocean.

Mr. Farrell also described the large recreational deck, creating a community of activities for the residents. Each apartment tower will feature a gymnasium and a recreation room; the recreational deck will include a pool, a running track, a putting green, a playground for children, 9 golf driving cubicles, and two tennis courts.

Mr. Farrell said that the six-acre site offered lots of open space, extra setbacks on all four sides of the site, and beautiful landscaping. He added that the developer was planning to build one apartment tower first, and wait until the market and demand picked up again to build the second apartment tower.

Mr. Farrell added that the market will dictate whether and how the light industrial structure will come to fruition.

Chair Lum opened the floor for discussion.

Member Kubota inquired what uses were foreseen in the industrial component of the project.

Mr. Leong responded that they envisioned tenants that provide services to the community, or are conducive to the residential elements of the project. Mr. Farrell said that they were concerned about noise and any type of noxious fumes that could be generated from particular industries. Therefore, they plan to be very careful with the tenant selection.

Member Kubota asked the developer whether they were designing the industrial component because it was a requirement of the Rules and Regulations of the Kakaako Mauka Area.

Mr. Leong responded that they were designing the industrial component because of a provision for bonus FAR. However, it will be the last phase of the project because they consider it to be the most difficult one, specifically finding the right type of tenants that is conducive to the residential environment.

Member Kometani asked whether the industrial component would have access through Kapiolani Boulevard.

Mr. Leong responded that the industrial component would have access through the Piikoi Street side.

Member Kubota asked if their preference would be to get the "bonus" FAR without having to build the industrial component.

Mr. Leong responded that the industrial component is the bonus.

Member Goshi then asked if they perceived that the project would be a better project without the industrial component, while still getting the bonus FAR.

Mr. Leong responded that it would not necessarily be a better project without the industrial component. Ultimately, it will depend on finding the right type of tenants that could provide services that the residents would use and would find beneficial to have nearby; if these requirements are met, then it would be a better project.

Member Kubota inquired whether they were looking at industrial or more retail to benefit the residents.

Mr. Leong responded that they have been using the word "industrial" because it is the classification. He added that there were uses in the industrial classification that would be helpful to the tenants; for example, a beauty shop, an electronics repair shop, would be useful to the residents living nearby.

Member Kubota noted that some of HCDA's rules are really structured in the Mauka area and these rules will be revised. As new projects come on board, the Authority wants to make sure that these projects are successful. Therefore, the Authority is giving the developer the opportunity to express concerns or request what is perceived as necessary to make that project a success.

Mr. Leong indicated that perhaps his use of the word "bonus" is not correct. The Rules call it "bonus FAR"; Mr. Leong replied that if the industrial component is left out, they have sufficient FAR to do the two residential towers. Right now, the residential market is the hottest segment of the market. If, in due time, it seems appropriate to add the industrial component, then it can be added.

Mr. Imaoka offered to clarify the concept since the same question had come up when he first looked at the project. Phase I of the project consists of the construction of the first residential tower with a parking garage, closest to Kapiolani Boulevard; phase II consists of the construction of the second residential tower with a parking garage. After these two phases are completed, they will have the maximum density permitted for a planned development project, which is 3.5 FAR. Based upon how successful these elements are, they may or may not go forward with the industrial component; it is similar to an option that they can exercise later. Mr. Imaoka said that the developer is very confident with the proposed plans.

Member Kimura inquired whether the old model that allowed only four floors of parking still applied.

Mr. Imaoka responded that, as long as it is a 45-foot platform, it is fine.

Member Goshi inquired whether there will be pile driving during the construction, and reminded the developer to let the public know in advance of potential noise generated by the construction.

Member Anderson inquired whether the proposed project would provide an interesting pedestrian experience.

Mr. Leong responded affirmatively, that this was being considered in the final design.

Mr. Farrell added that the proposed project allows for a lot of open space and generous set back. Therefore, big trees will line Pensacola Street. A similar type of experience is expected along Kapiolani Boulevard with huge monkeypod trees and landscaped grounds, whether or not the industrial component ever gets built. However Kamaile Street will be a little different, mostly because it does not have the same amount of traffic, it will have a quieter, calmer residential feeling.

Member Joesting asked if the light industrial area could include restaurants, retail, or cafés?

Mr. Leong said that this type of concept does not fit into the existing plans. Other types of activities such as a catering business, or furniture manufacturer that could have a small retail showroom, or a Kinko's business may be appropriate. Mr. Leong reiterated that it really amounted to careful selection of tenants to match the classifications that are defined.

Member Joesting inquired about the parking for the industrial component.

Mr. Leong indicated that a special parking area was being set aside for future use as necessary, so that there will be adequate parking if needed.

Mr Takahashi asked Mr. Leong whether, if he could do anything he wanted to do with the site, would he do light industrial.

Mr. Leong responded that it would all depend on where the market was, and that right now, the market was in

residential. It would not be as economically viable to commit the space to commercial activities.

Member Kubota asked whether the light industrial space could be used for more housing, more specifically affordable housing.

Mr. Leong responded that projects usually tie in with the demand and the current market.

Member Goshi stated that any kind of shopping center was a risky undertaking.

Mr. Leong agreed, especially since the project is just one block away from the future Wall Mart store.

Member Goshi stated that if the industrial component is built, the parking issue remains.

Member Kubota said that it would amount to selecting the right type of industrial use.

Member Goshi indicated that, in his opinion, the idea most likely to succeed would be business condos, although the parking issue would still need to be addressed.

Chair Lum asked the Members if they had any additional questions or comments concerning the project.

There were none.

VII. 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 Los Banos and seconded by Member Goshi to adjourn the meeting at 11:20 a.m. The motion passed unanimously.

Respectfully submitted,

/s/ Michael Goshi

Michael Goshi
Secretary