

MINUTES OF A REGULAR MEETING
OF THE MEMBERS OF THE
HAWAII COMMUNITY DEVELOPMENT AUTHORITY,
STATE OF HAWAII

MEETING NO. 343
Wednesday, July 1, 2009

Members Present: Barbara Annis
C. Scott Bradley
Amanda Chang
Grady Chun
Paul Kimura
Jonathan Lai
Theodore Liu
Dexter Okada
Russ Saito

Kalaeloa Members: David Tanoue
Maeda Timson

Members Absent: Joseph Dwight, IV
Stanton Enomoto
Brennon Morioka
Micah Kane
Christopher Kobayashi
Kay Mukaigawa
Evelyn Souza

Others Present: Anthony Ching, Executive Director
Eugene Won, Deputy Attorney General
Deepak Neupane, Director of Planning and Development for
Kakaako
Richard Kuitunen, Asset Manager
Patricia Yoshino, Secretary
Loretta Ho, Secretary
Holly Hackett, Court Reporter

I. ROLL CALL

A regular meeting of the Members of the Hawaii Community Development Authority (“Authority”), a body corporate and public instrumentality of the State of Hawaii, was called to order by Mr. Jonathan Lai, Chairperson of the Authority, at 9:05 a.m. on Wednesday, July 1, 2009, at the Authority’s principal executive offices at 677 Ala Moana Boulevard, Suite 1001, Honolulu, Hawaii 96813, pursuant to Article IV, Section 1 of the Authority’s Bylaws.

Chairperson Lai welcomed Ms. Barbara Annis in her new capacity as Deputy Director, Department of Budget and Finance and designee for Ms. Georgina Kawamura.

MATERIALS DISTRIBUTED

1. Report of the Executive Director;
2. Report of the Executive Director's PowerPoint Presentation (distributed at the meeting);
3. Summary Minutes of Authority Meeting of May 6, 2009;
4. Summary Minutes of Authority Meeting of June 3, 2009;
5. Information: Kakaako Makai Community Planning Advisory Council Letter to HCDA, Master Planning Process Scope of Work Recommendations, Planning Process Diagram, HCR30/SD1, and HCDA Staff Report;
6. Action: Shall the Authority Authorize the Executive Director to Execute a Lease Agreement and Expend Hawaii Community Development Revolving Funds to Enter into a Lease with the Trustees of the Estate of Bernice Pauahi Bishop for the Hawaii Community Development Authority Kakaako Office;
7. Action: Shall the Authority Approve the Proposed Amendments to the Planned Development Permit (PD 2-05, M 1-05) for the Moana Vista Project;
8. Action: Shall the Authority Authorize the Executive Director to Enter into a Memorandum of Understanding with the Hawaii Public Housing Authority for Kakaako Outreach and Beautification;
9. Action: Shall the Authority Authorize the Executive Director to Direct Almar Management, Inc. to Provide Preferential Slip Permit Rates to the University of Hawaii, for the Benefit of the School of Ocean and Earth Science and Technology at Kewalo Basin.

II. APPROVAL OF MINUTES

1. Minutes of the Regular Meeting of May 6, 2009

Chairperson Lai asked whether there were any corrections to the minutes of May 6, 2009. There being none, the minutes were approved as presented.

2. Minutes of the Regular Meeting of June 3, 2009

Chairperson Lai asked whether there were any corrections to the minutes of June 3, 2009. There being none, the minutes were approved as presented.

Chairperson Lai announced that the election of officers would take place at the next regular meeting on August 5. The Bylaws require that the Hawaii Community Development Authority's ("HCDA") officers be elected "on the first regular or special meeting held after July 1 of each year."

III. WORKSHOP FOR MEMBERS

A. Public Comment and Kakaako Makai Community Planning Advisory Council (“CPAC”) Presentation

Mr. Mark Wong, Chair of CPAC, summarized the written materials in the packets distributed to Members.

Mr. Wong noted that CPAC had met with HCDA staff on June 4 and had discussed the scope of work. CPAC has spent 2 years developing their Vision and Guiding Principles (“V&GP”) and would like it to be part of the scope of work and carried throughout the entire planning process. They feel the planning process for Kakaako Makai should be completed before the Authority approves additional projects in the area and are encouraging a speedy completion of the Master Plan. Since HCDA is in the process of selecting a consultant, CPAC asked whether there could be any negotiation with the consultant to carry it through to Phase 4 or at least complete the Master Plan.

Mr. Wong noted that the flow chart was very generic and tried to solve a lot of different things. A stakeholder relationship diagram was included to clarify the roles of CPAC, the public, landowners, consultants, and HCDA staff. CPAC also modified the process flow chart to include the V&GP and to clarify what the deliverables of this planning process would be, particularly the Master Plan.

Mr. Wong stated that he wanted to provide the Authority the opportunity to address any questions to him so that the process would be collaborative.

Chairperson Lai asked whether Members had any questions for Mr. Wong.

Member Chun asked what was being done to make sure that CPAC represented the general public view and not just the voice of a few.

Mr. Wong responded that they wanted to go public with the V&GP, open up a forum with the general public and include HCDA. However, their concern was the ability to handle responses from public. In the project with GGP, the HCDA had been able to use the Limehouse software and had indicated its intention to utilize it again. However, since approval for the HCDA to acquire the software had not yet been granted, CPAC had special software written and added to their website that had the ability to handle all the emails and analyze the responses. They have also put together a brochure and are meeting with other community groups to share the V&GP and get their feedback, because they do realize it can’t be just the input of the 100-plus people who have participated in CPAC meetings. They would like to have the V&GP published in the newspaper and get TV coverage, but want to do it in collaboration with HCDA.

Member Saito stated that it seemed as though CPAC was working in an opposite direction from the legislation that created it. The legislature had felt that the Authority was not listening to the community, so it created an advisory council to gather that information and get it to the Authority. CPAC was now coming to the Authority to have HCDA conduct the public forums. He questioned why an advisory council was needed if HCDA was going to take all the information directly.

Mr. Wong responded that while they have been working with HCDA, CPAC has been doing most of the work. They feel it is important to have HCDA present and make a statement to the community that this is an example of collaboration. Mr. Wong felt it would make a big difference to have HCDA present at these community meetings and show that they are there listening.

Mr. Wong stated further that CPAC had spent months bringing in experts, and educating the attendees at CPAC meetings about history of the area, Hawaiian culture, the planning process and environmental issues. This was a large effort that HCDA was not prepared to do. What CPAC was providing the Authority with was more than just a compilation of things that people say they want in the area. It was things that they had argued vigorously over, and had asked the advice of landowners and developers to make sure that what was being asked for was reasonable. CPAC was very aware of economic sustainability and environmental sustainability; that the area needs to be self-sustaining and what goes there needs to pay for itself. To suggest that HCDA could just go out there by itself, hold meetings and have a successful outcome was misleading. By collaborating with each other on a regular basis, projects would have a much smoother outcome. The public wanted to know what authority CPAC had and whether they would have any say in the planning process.

Member Saito stated that CPAC was an advisory council but was basically asking for HCDA to create the advice with them. He asked how they would separate the advisory council from HCDA.

Mr. Wong responded that CPAC was not asking HCDA to create the advice, but was asking HCDA to facilitate it through funding and to state its support for the group. CPAC would do most of the work to run the meetings, but was asking for HCDA's participation at the meeting, even just one person. Executive Director Anthony Ching has shown up at meetings, answered questions and provided updates on the area. If CPAC and HCDA do not stay in touch, the Authority could go out and make decisions that the public would not be notified or made aware of, which could result in a situation similar to what happened with Alexander & Baldwin. The reason CPAC was founded was to make sure HCDA works with the community and that is what they are trying to do.

Ms. Amy Anderson, University of Hawaii associate professor of architecture and urban design, second vice chair of CPAC, stated that Mr. Wong had successfully

managed a lot of different people with varied interests at CPAC. She emphasized that a resource management plan should be in place for the 450 acres of prime urban land. Although it was along the same idea of a Master Plan, she felt it was fundamental to have an aspect to the Master Plan dealing with how to conserve water, energy and manage waste prior to doing any particular development that included buildings and expansion.

Ms. Michelle Matson, secretary of CPAC, stated she fully supported Mr. Wong's statements that CPAC and HCDA should move together consistently and collaboratively in a progressive way. She stated that the CPAC attendance list showed over 200 attendees over the term of their activities. They had sent out a survey on the V&GP and the response was excellent. She felt they represented the general public in a comprehensive manner. They would like to have more public announcements on their meetings and would like media to know that HCDA was working with CPAC to move forward on these issues. She noted that during their meeting, HCDA staff had agreed that the V&GP would be the foundation for the work on the Master Plan and there would be up to 5 representatives from CPAC on the project team with the consultant.

Member Okada stated that he had attended several CPAC meetings and wanted to thank them for the time and effort they have put in. Mr. Wong has lent his company resources, Ms. Anderson has lent her expertise in the field, and Ms. Matson has done a lot of the legwork, and all have put their own resources into it.

There being no further comments, Chairperson Lai stated they would move to the workshop portion of the meeting.

B. Future Objectives and Projects – Kalaeloa/Kakaako

Chairperson Lai turned the workshop portion of the meeting to Executive Director Anthony Ching who would lead the discussions. Mr. Ching's PowerPoint presentation on the workshop is attached (see Exhibit A).

Mr. Ching stated that he would describe projects, give orientation, and receive comments in terms of benefits, impacts or questions from Members about those projects. The purpose was to solicit comments and develop a final casting of projects that he would pursue over the next year.

Kalaeloa - Five Bold Steps

Mr. Ching pointed out that the mission was to create a center for excellence at Kalaeloa. The 5 bold steps outlined were:

- Establish a smart grid and start with Enterprise Road;
- Acquire TBD parcels;
- Conduct cultural surveys to identify what resources are there;
- Connect community to the parcels; and

- Seek stimulus money to leverage investment made in Kalaeloa.

Mr. Ching stated that the projects should seek to address in part or whole the challenges faced within Kalaeloa. HCDA had already received support from the Congressional delegation for special legislation to acquire the TBD parcels in Kalaeloa. In addition there is the statewide clean energy initiative, and one of the problems is the need to fix infrastructure in the area.

Mr. Ching stated that the objective would be to create design in which function and durability of the uses within the district can stand the test of time. To create a great community means to provide jobs, economic development, open space, recreation, parks, cultural centers and a transportation system.

Enterprise Road Improvement

Member Timson stated that before going further, a fundamental thing was missing. The rules on how Kalaeloa would be operating were needed to bring the vision of Kalaeloa together.

Mr. Ching stated that the agency was obliged to develop its administrative rules. However, it would be helpful to have an understanding of what process and formulas should be applied as they relate to topics such as infrastructure, roadway improvements in order to get direction to develop and finalize those rules. He did not want to just take Kakaako rules and put it out in Kalaeloa because the character of the community was different.

Member Timson clarified that she was concerned with operational rules as to who had authority and could make decisions. Earlier, the Authority had discussed whether HCDA jurisdiction extended to the lands controlled by the Department of Hawaiian Home Lands (“DHHL”) and Hunt Development.

Chairperson Lai noted that discussions about DHHL had occurred in Executive Session and should not be discussed during the regular meeting.

Mr. Ching responded that the promulgation of Kalaeloa administrative rules would be a priority and staff was working on version 8 of the rules. However, the rules would not answer completely the question on jurisdiction. The rules are intended to be blind in the sense that they will apply to all that fall under our jurisdiction. If a landowner protests and contend that their specific situation is one which is a special circumstance, then the Authority would have to pursue zoning regulation by other available means.

Community Involvement and Advice

Mr. Ching stated that community involvement was something that would be consistently maintained in both districts. Kalaeloa already has a fairly robust community network that solicits community advice on issues such as public safety, archaeological and cultural issues. Staff participates with the area Neighborhood Board. When the rules are taken out for public hearing, the

Limehouse software would be used to tabulate, collect, produce and publish all input that would be offered in that particular area. In terms of a deliverable, Mr. Ching would be seeking to contact those networks and receive their input and report back to the Authority in an organized fashion.

Enterprise Road Improvement

Mr. Ching noted there was a possibility for a 100% match in stimulus funds for the Authority's Enterprise Road Improvement. Of the \$6.6 million put in by HCDA, it was possible to get back \$6.6 million. However, instead of just cashing the check, the agency would have to turn it around and reinvest the \$6.6 million in Kalaeloa on energy grid, storage or generation project(s).

Pursue Stimulus Money

Mr. Ching stated that he would be pursuing stimulus money as a goal for either grid, transmission or distribution, storage or other power generation. As an example, the Northern Trap and Skeet parcel is about 160 acres. After it is acquired, a cultural survey would be done to identify what to stay away from. It appears possible to build a solar farm in that area, which would not be obtrusive or invasive.

With respect to Enterprise Road Improvement, Mr. Ching stated he would look to recover cost share from Hunt, the Hawaii Army National Guard ("HIARNG"), and Department of Transportation-Airports ("DOT-A"). Those reimbursements would not necessarily be put into Kalaeloa projects, but instead repay the Kakaako revolving fund. He explained that typically there's a cost share when a utility and improvement district is put up, and the benefiting property would pay it back. In this case, there might be an estimated \$455,000 from Hunt, HIARNG and DOT-A. Any stimulus money awarded for the Enterprise Road project would be spent in Kalaeloa on worthy projects.

Member Timson asked if there would a chance of improving the street lighting.

Mr. Ching responded that in discussion with the Department of Transportation ("DOT"), it could not be a piecemeal project. To get to a particular area, lights would have the strung all the way down, which would make the project much more costly. The first step would be to put street lights down Enterprise Road, which is the main road.

Member Timson stated that most of the accidents occurred on Enterprise Road since it was used so much by neighboring communities to come through to get to Kapolei.

Mr. Ching asked what would be the choice for a second road.

Member Timson responded that Roosevelt would probably be next, but that Enterprise Road was the key.

Acquire TBD Parcels

Mr. Ching stated that the special legislation has been offered by Congressman Abercrombie, and Senator Akaka had indicated that he would support it when it crossed over to the Senate.

Member Saito noted that although it was labeled as utility, it was really putting only electrical power on Enterprise Road. He felt what was needed was a look at the total infrastructure on Enterprise Road including all utilities, electrical, telecom and water. From the planning perspective, the basic roadway needed to be taken into consideration. It was a main thoroughfare, but there were no sidewalks. Even though it would not be done initially when running power down there, it should be taken into account.

Mr. Ching stated that roadway improvements were typically not included in the projects unless the Legislature provides Capital Improvement Project (“CIP”) funding. The Enterprise Road project did include street lights and provisions for cable and telecom to be accommodated, but it would be on poles and not underground.

Conduct Cultural Survey

Mr. Ching proposed that once the TBD parcels were acquired, a cultural survey would be conducted to understand what the resources are. The next step would be to pursue potential development as a solar farm.

Upon conveyance of Ordy Pond to the HCDA, staff would develop protocols with the University of Hawaii to allow them access to this important research site.

Mr. Ching stated that he would be pursuing a project for security fencing for the archaeological parcels to preserve and protect the general value of the parcels.

Kalaeloa Financials

Mr. Ching stated that DOT-A and HIARNG have some problems with the existing cost-share formula that is currently prorated according to an agency’s land holdings. DOT-A has 55% of the acreage and would have to pay 55% of the \$200,000 budget that was established. The current budget is for position and office expenses. DOT-A and HIARNG have a problem with paying that final assessment because there is no nexus to their work. Mr. Ching proposed keeping the statutory budget assessment at \$200,000, but shifting it from a prorata share to a project-based budget. Proportional shares of that budget would then be charged to benefiting properties.

Member Timson asked whether DOT-A and HIARNG have a legal obligation and what would happen if an agreement could not be reached.

Mr. Ching responded that we could not take action against them, but they have indicated they would be more receptive to pay on the basis he just described.

Mr. Ching stated that there were two means of financing. One is statutory assessment where by law, HCDA has the ability to assess properties in Kalaeloa. The other is Improvement District (“ID”) Projects, where there is a specific project base and cost-share formula developed and implemented. These types of formulas were needed so when projects come up, he would be able to pursue the projects and assess proportional shares.

Member Timson asked whether the Master Plan should be reviewed and if it would change in any way with the 5 bold steps. There was no reason they should not review the plan from time to time because things change and they should always stay current. The Ewa master plan is reviewed every 5 years.

Mr. Ching stated if the Authority indicated it was important enough, a review of the Master Plan could be scheduled for the next year’s calendar.

Member Saito asked how much of the 3,700 acres was under HCDA control.

Mr. Ching responded that HCDA currently has one parcel, Building 36 and authority over approximately two-thirds of the district. DHHL, the Navy and Coast Guard would be excluded.

Member Liu asked whether they would be bound by HCDA’s planning and development rules.

Member Saito stated that while they may exert their sovereignty over their own property; however, they still have to traverse over the rest of it. If HCDA had jurisdiction over that portion, then they would have to abide by our rules.

Member Liu stated HCDA needed to have reasonable, thoughtful and defensible rules. In the process of developing the rules, he recommended keeping very close dialogue with the sister agencies such that they will accept the rules.

Member Saito stated that once they leave their property, they are on to our roadways and our infrastructure. He would like to see a master plan for roadways to know how to divide up the 4,000 acres relative to roadways and access.

Mr. Ching stated that as part of their master plan process, Hunt was doing an infrastructure study. They had agreed to develop a scope that would produce a master utility (power, water communication and wastewater) plan, as a first step. Roadway projects and plans were a separate item and would be a function of CIP legislation and appropriation.

Member Timson asked whether this master utility plan would come to the Authority for review.

Member Liu stated the Authority had already asserted jurisdiction over Hunt.

Member Bradley suggested the review of the Master Plan should be incorporated with a tour of the district and a discussion about the priorities for infrastructure so that when the infrastructure projects are brought to the Authority for approval, they would already have a higher level overview and understanding of the priorities to make it easier to evaluate. He agreed with Member Saito that it was critical to get an infrastructure plan for the roads as well as for the utilities.

Member Saito stated that from his experience with construction projects, if the Authority waited for Hunt, it could be 2 years before they get clarity. The Hunt plan would be just grouped around Roosevelt Avenue, because their properties are a half a mile or so from Roosevelt Avenue. The Authority needed an infrastructure plan of the whole area as soon as possible. The tour should be scheduled soon.

Member Tanoue stated his agreement with Member Saito. He felt that piggybacking on Hunt's master plan would not provide the information needed. There would need to be a sewer master plan, a roadway master plan, and the entire area needed to be sized and phased. Sewer improvements should not be done piecemeal. It was better to have an overall infrastructure master plan for the area sooner than later.

Mr. Ching stated he would continue to pursue a more detailed infrastructure master plan for the entire district in cooperation with Hunt. Next year, he hoped to have an infrastructure master plan for the district as a deliverable.

Community Involvement and Advice

Member Okada stated it was important that whatever HCDA does should involve the community. Even with the Legislature, if the community comes with you in support, HCDA would probably have a greater success rate that way. He felt there should be more emphasis on community involvement.

Member Liu stated he could see the value of the bold steps being tied to performance. He wanted to see a deliverable that would stretch it out to the long run because some were very necessarily short term. He wanted to look at Kalaeloa to lead as a center for excellence in the area of energy. The opportunity exists in Kalaeloa because the infrastructure could be rebuilt to develop a very modern infrastructure, one that could become the basis for a center of excellence, as well as understanding how smart grids work. Assessments need to be done to identify what energy resources are there so that it's part of the center for excellence for energy. The potential for a smart infrastructure should be worked on, regardless of stimulus money, because it would need to be built. It was a real opportunity, given national and international trends, the state's energy policy, for Oahu to develop a center of excellence for energy that would have all the attendant little bits of economic development, job creation, and attraction of businesses. It would be able to attract private economic activity which creates jobs and also then creates a

community of interest both national and globally. He would like to see all things folded into a broader vision and delivered to the Authority.

Mr. Ching stated he would include a renewable energy plan for the district as a deliverable. Mr. Paul Norton of the National Renewable Energy Laboratory had already agreed to assist HCDA with this project.

Member Timson exited the meeting at 10:23 a.m.

Kakaako Community Involvement

Mr. Ching stated that there were existing groups in Kakaako that provide advice. There is a Mauka advisory group that was convened to seek information on the General Growth Properties' ("GGP") plans. For the Makai Area, there is CPAC. He felt it was an efficient way to reach out to the community and would continue to do so. Dialogue and presentations with other special interest groups were also part of the process.

Kakaako Mauka

Mr. Ching stated that the 5-year project plan was the basis of much that is done in Kakaako Mauka. In addition to the 5-year project plan, it was his personal goal to identify 2 major development projects within the next year. Halekauwila Place was already identified and was moving towards being a development. The other one was a question mark, and he would be engaging in an exercise later to determine which other project(s) might also be pursued.

Mr. Ching stated that for the Kewalo Basin Harbor, he would seek to normalize operations and then effect repair and maintenance projects appropriately.

In terms of Asset Management, Mr. Ching stated that they would seek to develop partnerships in Heeia. He would seek input later in the workshop regarding stewardship versus revenue enhancement.

Reserved Housing Projects

Mr. Ching stated that the Mauka Area was facing a revision of the plan and rules, monitoring the GGP master plan, as well as the Kamehameha Schools ("KS") master plan, should it be approved. There was a possibility that reserved housing projects could be effected at 1025 Waimanu (Lot 40) site, or at Pohukaina School as a mixed-use project.

Public Facilities

Mr. Ching facilitated an exercise with the Authority to prioritize some development options. He asked the Members to indicate the projects they felt would be most important in terms of public facilities.

Member Okada stated his concern that the Mauka Plan should be planned for the entire community. They would need to know in terms of Kakaako how the

GGP and KS plans fit in. There was supposed to be a reserved housing project on the corner of Kona and Piikoi Streets which called for a set-back that would increase the street to 50 feet wide, but the revised rules talk about a 40 feet wide set back on surface streets. So there was a conflict. He felt that going project by project would be counterproductive because it was necessary to know how it would affect the whole area.

Mr. Ching responded that there was an existing plan which described what the roadway system should be. The projects such as GGP were obliged to be consistent with the existing rules.

Member Okada stated he felt HCDA should facilitate the implementation of the master plan between the developers and Central Kakaako, and to get a broader plan on how infrastructure and projects fit into Kakaako as a whole.

Mr. Ching stated that the projects were compatible from a planning perspective and considerate of the greater needs of the district and of the specific area. Support had been expressed by various groups.

Member Kimura stated that until they have the rules, this was just an exercise. After they have the rules, the exercise should be revisited, because the rules might change a lot of the ideas they currently had.

Chairperson Lai stated that Member Okada had brought up good points. However, he still wanted to see the deliverables and the performance measures for the Executive Director.

Ms. Matson from the audience stated her agreement with Member Okada's comments regarding a more comprehensive planning process. All the projects should be organized in the planning process and be community based with all of the players: the landowners, business owners, and the community in general. This was what CPAC had been going through in Makai and it had not been done for Mauka.

Member Saito stated that they were the Hawaii Community Development Authority, not the planning authority. Plans were needed in order to develop the area. The plans would never be perfect to where everybody is satisfied, but the Authority had to move forward and fulfill its mission. The projects were up there that will help to develop Kakaako. The workshop was to give Mr. Ching direction, given the limited resources, as to which ones he should spend his time on. Member Saito wanted to know how real the projects were and how soon would they result in some kind of action, be it a plan or, construction.

Mr. Ching stated that for the Pohukaina School project, it was possible to float a Request for Proposal ("RFP") for the assisted living, affordable housing portion. The Authority had previously approved funds to purchase Lot 40, which also had possibilities for an RFP or a joint development. Forrest Avenue was a little bit of a stretch, but there was some interest from a group to do a commercial project. The Forrest Avenue ID project as mentioned by DOT was something

which was really needed but would be totally CIP funded and subject to legislative appropriations. The Makai district parking project was a much longer term project.

Member Saito asked whether the Forrest Avenue ID project was related to or could be incorporated into the harbors modernization plan.

Mr. Ching stated that it probably could not be incorporated.

Mr. Ching took a short pause in his presentation while Members indicated their preferences for project priorities.

Mr. Ching summarized that Members had given the highest priority to Parks, Parking, and Roadway Utility Improvements, while the other items had some support.

Improvement Districts

Mr. Ching stated that with the Kakaako area, Central Kakaako and Forrest Avenue were the 2 remaining areas that had not had any benefit of improvement districts.

Central Kakaako

Mr. Ching stated that the agency had discussions and an outreach with the small businesses in Central Kakaako. They were in the process of mailing a survey to the small businesses and tenants in that area seeking their views and direction with respect to future ID projects. A very important issue for this area was whether to preserve the area because it was comprised of a lot of long standing small industrial businesses. He also wanted to receive general directions about roadway projects in Central Kakaako involving the width of the right of way.

Mr. Neupane stated that the right of way was currently 60 feet in the Mauka Plan. The existing right of way in the area was 56 feet and, on smaller streets, was 40 feet. The key was the roadway would eventually be dedicated to the City, and the City had specific requirements. If the roadways stay with the State, then there was some room for leeway in the width of right of way.

Member Kimura asked if there were any way to get the City to accept narrower streets. The Central Kakaako area had a lot of residential before it became industrial and commercial. To go by the City standards would destroy most of the businesses in that area. He asked if it could be made a special district with special rules.

Mr. Neupane stated they could have a dialogue with the City and present an analysis of why the streets need to stay the way they are. Another approach would be some kind of legislation.

Member Tanoue stated that if a road is built to City standards and you want to dedicate it to the City, the City is required to accept it. If it is not built to City

standards, it will not be accepted. To create a special district would require legislation at the County, City or at the State level. The issue that always comes up that prevents roads that don't meet City standards from being accepted is that the City would be taking on the liability. City standards are what are deemed to be the minimum safety standards and deviation from that is difficult. The City Council, when looking at the bottom line, will generally look away from having to take on more maintenance of roads.

Member Bradley asked who owned the roads now and was responsible for the maintenance.

Mr. Ching stated that in some cases the roads in Central Kakaako were actually owned by private owners. As Member Tanoue pointed out, the issue for an improvement district is whether it would be dedicated to the City, in which case it must meet their standards. The City does consult on the plans, so they would be aware of what the plans are. If a property owner specifically benefits from an improvement district project, we are obliged to assess them. Member Tanoue has provided the clarity on the implications if a project is not taken to the City standards. Central Kakaako has not received any attention except for ID-11, and we should understand what the impacts are if we were to move forward in that area.

Member Tanoue stated that the City has not done an ID roadway project for 10 years. The City ordinance requires over 50% of the affected residents to agree to be assessed for the roadway improvements, and it is very difficult to get enough people on board willing to contribute to the project. The City may be aware that a roadway has an issue, but the City has its own list of priorities and CIP projects. However, some parties could also lobby a Councilmember to put the money in or have special CIP.

Member Okada asked Member Tanoue how the City determines who benefits from an ID project.

Member Tanoue responded that it is done through the engineering process. The engineers determine what are the objectives and design for the improvement, how they will do it, and who will benefit.

Member Okada asked what would happen if a project received only 50% support although it benefits the public as a whole.

Member Tanoue responded that if it benefits the public as a whole, the City would lean more towards a CIP project.

Mr. Ching noted that for Central Kakaako, the issue often raised is whether or not to preserve and maintain the area. A section in the statute says preservation is a goal for the existing industrial activities within the area. Promotion of mixed use, the nature of the improvement district projects, roadway widths, how to treat parking are issues that are connected with the ID project process.

Transit-Oriented Development (“TOD”)

Mr. Ching stated that TOD would not be included in the current Mauka rule revision, but would be included in future rules.

Kakaako Makai

Mr. Ching stated that the planning process for the Makai Area would be based on CPAC’s V&GP. The Legislature had already designated a cultural market place at the GRG site. Opportunities to extend the park would be sought as well as the possibility for a future presidential library for President Obama. Biotech projects include the Cancer Research Center of Hawaii (“CRCH”), the UH Medical School and the proposed KS project. The scope of the plan includes the waterfront commercial areas, the need for district-wide parking as well as specific projects such as the Forrest Avenue ID.

Kakaako Makai Master Planning

Mr. Ching stated that he hoped to establish a project team which would include CPAC as a resource and adjunct to the consultants. He felt strongly that the agency should consult with the communities because they are part of our mandate, and include the general public, landowners/stakeholders, heritage/other advocates, and federal/state/county agencies. The scope he would look to pursue would include waterfront as well as mixed use activities. The other private holdings in the area (i.e., Kamehameha Schools) would also be acknowledged in the planning process.

Financials

Mr. Ching stated that since 1992 through as late as 2007, in the aggregate, about \$21 million had come in to the public facilities subaccount. Reserved housing since 1984 to 2008 accounted for approximately \$9 million, which is greater than the money received for public facility subaccount. He asked the Authority to prioritize its reserved housing projects because it was an area that the agency was obliged to spend the subaccount on.

Mr. Ching stated that \$17 million had been received in terms of assessments from the landowners who benefited from 9 ID projects.

Mr. Ching noted that public facilities, roadway improvements, and IDs are typically funded by legislative CIP appropriation. Cost share are collected from benefiting landowners according to a pre-determined formula. Reserved housing could be produced by joint agreement with other State agencies and/or a willing developer where there is no subsidy, but instead other incentives are provided to the project. A law was enacted this year which prohibits HCDA from accepting cash in lieu. Although Senate Bill 1350 was very contentious, there is still some interest expressed by a developer who, while still producing 20% reserved housing, would also consider offering some or all of the remaining 80% of the units constructed as a part of the reserved housing mix.

In this situation, the developer might sell these units to other developers as credit to offset their own reserved housing requirements.

Asset Management

Mr. Ching stated that HCDA's assets include vacant lots, warehouse facilities and other types of items. The question that is often faced is whether to seek to maximize revenues, or try to insure the uses have some public benefit, even though we have fiduciary responsibility to generate revenues.

With respect to Kewalo Basin, Mr. Ching noted that when the Authority approved the rules, it had indicated that potentially a new set of rules should be reviewed. He wanted to solicit from the Authority its comments on what types of changes to the rules should be looked at since the time frame for the review would be in about a year. Staff had one meeting with the stakeholders to discuss both large and small projects. For the larger project, an environmental review will be pursued to understand what the available options might be. Once the consultant has produced those options, the options for development of reconfiguration of the harbor will be taken back to the stakeholders.

Mr. Ching asked Members whether maximizing revenue would be an accountability principle for him to follow or whether revenues should be balanced with public benefit.

Member Bradley stated it would be hard to answer without specifics. He suggested those situations be brought before the Authority to review on a case-by-case basis. In that way, Mr. Ching would have the Authority's support if a hard decision had to be made.

Member Okada asked for a status on the CRCH.

Mr. Ching responded that he was waiting for an update from UH. There was some indication that they might move the CRCH to Lot A on the existing medical school campus. UH indicated they were not ready to give up Lot C because they might pursue ancillary activities.

There being no further questions, Chairperson Lai stated that there would be a recess, after which time Members would be meeting in Executive Session in another conference room.

A recess was taken at 11:25 a.m.

VI. EXECUTIVE SESSION

The Hawaii Community Development Authority convened in Executive Session at 11:34 a.m. pursuant to Section 92-5(a)(3) and 92-5(a)(4), Hawaii Revised Statutes, to negotiate the acquisition of public property; and to consult with the board's attorney on questions and issues pertaining to the board's powers, duties, privileges, immunities, and liabilities.

Lunch was served as an integral part of the meeting during the Executive Session.

Member Liu exited the meeting at 11:48 a.m.

The regular meeting was reconvened at 12:03 p.m.

IV. REPORT OF THE EXECUTIVE DIRECTOR

Executive Director Anthony Ching summarized his report via a PowerPoint presentation (see Exhibit B).

There were no questions from Members regarding the Executive Director's report.

Ms. Matson stated that Chapter 206E, HRS, did not stipulate where the cultural marketplace should be located.

Mr. Ching responded that it was in the committee report.

V. ITEMS FOR ACTION

3. Shall the Authority Authorize the Executive Director to Execute a Lease Agreement and Expend Hawaii Community Development Revolving Funds to Enter into a Lease with the Trustees of the Estate of Bernice Pauahi Bishop for the Hawaii Community Development Authority Kakaako Office?

Chairperson Lai noted for the record that Executive Director Anthony Ching had recused himself from any topic dealing with the Kamehameha Schools ("KS").

Asset Manager Richard Kuitunen summarized the written report in the packet distributed to Members.

Member Chun asked how much parking would be provided.

Mr. Kuitunen responded that the site included 8 parking stalls plus a garage. The Pohukaina lot has in excess of 400 parking stalls. There was also metered parking on the street.

Member Saito asked how far away the parking would be located.

Mr. Kuitunen responded that Mother Waldron Neighborhood Park was kitty corner from our parking to the site.

Member Chang inquired as to the cost for renovation.

Mr. Kuitunen responded that the staff planner estimated \$150,000-\$200,000 for renovations. The cost to move was estimated at \$17,000.

Member Bradley asked whether the cost analysis included electrical and janitorial service.

Mr. Kuitunen responded that it would have to be bid out, but the cost would be around \$30,000.

Member Chun asked whether the KS Master Plan would be affected.

Mr. Kuitunen responded it would be included in the lease that KS would not be able to bump us. As far as the Master Plan, someone from KS would be better able to advise.

There were no comments offered by the public on this agenda item.

Chairperson Lai entertained a motion for the Authority to Authorize the Executive Director to execute a lease agreement and expend Hawaii Community Development Revolving Funds to enter into a lease with the Trustees of the Estate of Bernice Pauahi Bishop for the Hawaii Community Development Authority Kakaako Office.

A motion was made by Member Kimura and seconded by Member Chang.

A roll call vote was conducted.

Ayes: Members Annis, Bradley, Chang, Chun, Kimura, Lai, Okada and Saito.

Nays: None.

The motion carried 8 to 0 with 5 excused (Members Dwight, Kobayashi, Liu, Morioka and Mukaigawa).

4. Shall the Authority Approve the Proposed Amendments to the Planned Development Permit (PD 2-05, M 1-05) for the Moana Vista Project?

Chairperson Lai noted for the record that he was recusing himself from the action item since his law firm represented one of the parties. The gavel was passed to Vice-Chairperson Kimura.

Mr. Ching summarized the written report in the packet distributed to Members.

Vice-Chairperson Kimura asked whether Members had any questions for Mr. Ching.

Member Bradley stated that one of the original requirements was for a certain amount of parking stalls on Lot 40. He asked whether the parking requirement would be lost if the requirements for the lot were bifurcated and the sale did not go through.

Mr. Ching replied in the affirmative.

Member Bradley inquired whether it could be made subject to completion of the sale.

Mr. Ching responded that they felt certain of the sale, but to construct a safety net, there could have co-terminus on closing.

Mr. Deepak Neupane, Director of Planning and Development for Kakaako, stated that they were in the process of drafting a purchase agreement.

Member Okada asked how HCDA would be restricted from developing if Lot 40 were purchased and if one of the stipulations could be to tie it together to the density transferred from Lot 40.

Mr. Neupane stated the remaining density would have to be verified because the applicant stated there was 65,000 sf of density left. Any density left over would be transferred to Lot 40. Reserved housing would still be provided on the Kapiolani site. There will be 124 units of reserved housing that would be for-sale instead of for-rent.

Vice-Chairperson Kimura asked whether anyone from the audience wished to comment.

Mr. Jack Hamada asked whether the changes were being requested because Lot 40 is now being sold.

Vice-Chairperson Kimura stated that Lot 40 was being sold to another entity.

Mr. Hamada asked how many new units were being proposed.

Mr. Neupane responded that there was no change on the number and it was still 492.

Mr. Hamada asked why they owner wanted to sell some of the reserved housing units.

Mr. Ching responded that the owner was making a request to change from for-rent to for-sale. Either way, reserved housing was needed whether for-rent or for-sale.

There being no further public comment, Vice-Chairperson Kimura entertained a motion for the Authority to approve the proposed amendments to the Planned Development Permit (PD 2-05, M 1-05) for the Moana Vista Project.

A motion was made by Member Annis and seconded by Member Chun.

Vice-Chairperson Kimura asked whether there was any discussion on the motion.

Member Bradley stated he wanted to go back to his original question to secure the parking stalls even if the sale of Lot 40 does not go through.

Mr. Scott MacKinnon, representing Oliver MacMillan (“OM”), explained that the letter of agreement with KC Rainbow (“KC”) stated that if the owner of Lot 40 wanted to develop something on the lot, 100 parking stalls would need to be incorporated. If the owner does not do parking, HCDA has the power to acquire Lot 40 for its own use. To put public parking on Lot 40 was entirely in HCDA’s hands. If HCDA decided public parking on Lot 40 was not needed, then the obligation would expire.

Mr. Allen Leong, representing KC, further clarified that the letter of agreement stated that if KC does not develop a project on Lot 40, then HCDA can buy the property. HCDA would control the lot and could build the public parking stalls.

Member Saito asked whether the parking spaces were associated with the reserved housing units.

Mr. Leong replied that it was not.

Mr. MacKinnon stated that their request was basically to say that the owner of the Kapiolani site would no longer be responsible for the development obligations associated with Lot 40. His client had no ownership of Lot 40 because it was totally disassociated, and was asking that in the context of the development of the Kapiolani site, they have no responsibility for future development obligations on Lot 40, other than the density transfer which had in fact already occurred under the overall development.

Mr. Neupane read the paragraph in the development permit letter of agreement. He summarized the meaning to be that the obligation is there if there is a development proposal for Lot 40. If there is no development proposal, then it did not appear that the obligation would mature at the time. HCDA had the right either to purchase or condemn Lot 40, build public project housing, parking, etc.

Mr. MacKinnon noted that there has been no development plan submitted for Lot 40. If someone in the future submitted a plan, it would be subject to HCDA approval and satisfaction of whatever conditions HCDA has at the time.

Member Saito stated that the reserved units that are going to be built were complicating the matter. The requirement to build 100 parking stalls was just an incentive for HCDA to approve the plan and allow the developer to put the 124 reserved units where they wanted on that particular property. Now that the developer wanted to sell the property, the plan for reserved units was taken back and the obligations for Lot 40 become moot.

Mr. Dan Nishikawa of OM stated that they were purchasing the property that was offered to them, and Lot 40 was not included in the offer.

Mr. Leong stated that the 100 parking stalls were not tied to the reserved housing agreement. HCDA rules would have allowed them to put the reserved housing on Lot 40. The letter of agreement being referred to only applied to Lot 40. The reason Lot 40 was in the agreement on the permit amendment was because in the development permit, Lot 40 was included because of shifting density provisions. No development had been proposed for Lot 40 when the permit was issued and development is currently not permitted on Lot 40. The permit language stated that “until such time” that development is proposed for Lot 40, public parking spaces do not need to be provided.

Member Chun recalled that the issue went back to when property sites were transferred from Kapiolani when it was originally the Honolulu Design Center site.

Mr. Neupane stated that there was a permit for Honolulu Design Center on the Kapiolani site for 65,000 sf. When Moana Pacific was being built, they used industrial bonus of 65,000 sf industrial space. They were originally going to provide the industrial space facing Kapiolani Boulevard where the Honolulu Design Center is now located. There is a provision in the rule that allows for transfer of uses from one location to another if the land is owned by the same owner. The owner of Moana Pacific acquired the Honolulu Design Center parcel to use what was transferred from the commercial use fund. The industrial requirement of Moana Pacific was transferred back to Moana Vista. Because Public Storage became part of the development, the floor area developed within Public Storage qualified as industrial space. This was the connection between Moana Pacific, Moana Vista and Honolulu Design Center.

Member Chun asked whether there had been a requirement in the transfer that was waived in lieu of the parking requirement.

Mr. Matthew Akamu, HCDA Planner, stated that Moana Pacific had an industrial requirement which was supposed to be located along Kapiolani. This was deemed undesirable from the Authority's point of view at that time. As a solution, a transfer of uses rule was promulgated so that Moana Vista could absorb an industrial use and transfer commercial use to Moana Pacific. In order for the Authority to approve the transfer of uses, there had to be a public purpose, which was the 100 parking stalls at Lot 40. The public parking stalls had nothing to do with reserved housing, but were a condition of the transfer of uses between Moana Pacific and Moana Vista. In the event a developer does present a construction plan for Lot 40, HCDA would determine how many stalls would be purchased. The action before the Authority today is just to ask whether OM can purchase the Kapiolani site and not be affected by extraneous issues that do not apply to them. OM will absorb the requirements for reserved housing on their site, but want to separate the requirements for Lot 40 from them. Mr. Leong was correct in saying they are not forced to build 100 parking stalls. The Authority had already given its approval to negotiate the purchase of Lot 40. OM wants to start up a project that has been stalled, but they needed the flexibility in terms of not being encumbered by the obligations associated with Lot 40.

Member Bradley reiterated his concern that the public benefit gained from transfer of uses would be lost if HCDCA's purchase of Lot 40 does not go through.

Member Bradley and Member Chun both noted that the success of Moana Pacific and the Honolulu Design Center were made possible because of the transfer of uses, but there was supposed to be a public benefit as a result.

Mr. Leong provided historical information regarding the projects. Under HCDA rules, because of the size of the project, there is a portion of floor area called industrial bonus. The 2 residential towers were designed to maximize the location of the residences. Through that design scenario, there was a big open space along Kapiolani Boulevard which was going to be left as open space. The City & County Director of Planning & Permitting at the time did not feel the open space on Kapiolani Boulevard was pedestrian friendly and wanted something built there. The HCDA rules at the time allowed only certain types of uses for the industrial bonus. So they went to Thomas Sorenson who had a permit for the Honolulu Design Center on a base zone permit. However, under the rules, the parcels were too far away to get the transfer of uses. To get around it, the rule allowed transfer of uses if there was a parcel for public purpose. Since ID-11 needed parking for the businesses there, Lot 40 was selected for the public purpose designation. As an end result, Mr. Sorenson had 300 feet of frontage on Kapiolani; the City was happy with the pedestrian friendly retail space in front of Moana Pacific; and HCDA was happy with public parking. The complicated deal was a result of the

developer reacting to requests from HCDA and the City to try and make the project work. Unfortunately, KC was now taking a loss of \$65 million from their own pockets, but their hope is to have OM restart the project so the general contractor and subcontractors can get back to work. As far as Lot 40, KC will still own it until the sale to HCDA is concluded. The OM sale should be looked at separately.

Member Saito stated his understanding was that the only way to preserve the public benefit of Lot 40 would be for the State to buy it.

Member Okada asked whether separating the obligation of Lot 40 would still preserve the density transfer from Lot 40.

Mr. Neupane replied that it would still be a part of the agreement.

A roll call vote was conducted.

Ayes: Members Annis, Bradley, Chang, Kimura, Okada and Saito.

Nays: None.

Abstention: Member Chun

The motion failed 6 to 0 with 1 abstention and 6 excused (Members Dwight, Kobayashi, Lai, Liu, Morioka and Mukaigawa).

Mr. Nishikawa stated OM would not proceed with the purchase unless the obligations were bifurcated.

Member Bradley moved for reconsideration of the motion since Member Chun had not cast a “Nay” vote. He stated that typically a 100% vote was not needed to carry a motion and there was barely a quorum present.

Member Chun stated that his main concern was what could happen in the future with other projects or developers being able to bypass obligations for public facilities.

Mr. Nishikawa stated it was not their intent. However, they were not purchasing Lot 40 so they could not take on the obligations.

Member Bradley noted that KC’s recollection was consistent with staff’s recollection. He felt it would be unfair to impose additional conditions and potentially block the sale which would allow the project to restart.

Mr. Leong stated the concern was that the public benefit had disappeared or the developer had orchestrated a way to avoid public benefit. However, to recreate the exact sequence of events with another developer would be extremely difficult. It

was important that if the letter of agreement and the planned development permit truly provided an obligation that runs with the land, it either did or did not and was subject to interpretation. Approval of their proposed amendments would not affect that interpretation and would not prevent having the interpretation brought against the landowner of Lot 40, if HCDA decided not to close on Lot 40.

Mr. Ching requested a short recess to resolve a technical matter.

A recess was taken at 1:33 p.m.

The meeting was reconvened at 1:43 p.m.

Vice-Chairperson Kimura stated that a motion was made and that motion failed. He entertained an amendment to the motion.

A discussion ensued with the Deputy Attorney General Eugene Won on whether Roberts Rules of Order would allow the motion previously rejected to be presented during the same session. Mr. Won stated in conclusion that if there was unanimous consent to entertaining a similar motion in the same session, the motion could be entertained.

Vice-Chairperson Kimura asked whether there was any objection to waiving rules which might preclude amending the motion being offered. Hearing none, Vice-Chairperson Kimura stated that the Authority would reconsider an amended motion.

Member Saito made a motion that the Authority approve the proposed amendments to the Planned Development Permit PD 2-05 M 1-05 for the Moana Vista project subject to the proviso that any decision by this Authority will not remove the obligation that goes along with Lot 40.

The motion was seconded by Member Annis.

A roll call vote was conducted.

Ayes: Members Annis, Bradley, Chang, Chun, Kimura, Okada and Saito.

Nays: None.

The motion passed 7 to 0 with 6 excused (Members Dwight, Kobayashi, Lai, Liu, Morioka and Mukaigawa).

Chairperson Lai returned to the meeting as presiding officer at 1:50 p.m.

5. Shall the Authority Authorize the Executive Director to Enter into a Memorandum of Understanding with the Hawaii Public Housing Authority for Kakaako Outreach and Beautification?

Mr. Ching summarized the written report in the packet distributed to Members.

There were no comments offered by the public on this agenda item.

Member Okada asked who would be responsible if there were problems with the outreach.

Mr. Ching responded that the plan included requesting Department of Public Safety sheriffs to work with HCDA staff and outreach workers.

Member Okada asked whether there were any stated objectives on what was expected after 6 months.

Mr. Ching responded that the outreach was intended to be 6 months because HCDA is not equipped to be a social service agency. The intent was to address the behavior now and impress upon the citizens of independent nations principles of civic pride and responsibility. At minimum, there would be an effort to clean up the area while working with the people over the 6 months to change their behavior. At maximum, it would reduce some of the new homelessness and direct them more appropriately to shelters or other services that are available.

Member Okada asked what would happen after the 6 months.

Mr. Ching responded that it was not the intention to seek further funding, and the project was intended to be short-term since the influx was very recent.

Chairperson Lai entertained a motion to authorize the Executive Director to enter into a Memorandum of Understanding with the Hawaii Public Housing Authority for Kakaako Outreach and Beautification. A motion was made by Member Kimura and seconded by Member Saito.

A roll call vote was conducted.

Ayes: Members Annis, Bradley, Chang, Chun, Kimura, Lai, Okada and Saito.

Nays: None.

The motion passed 8 to 0 with 5 excused (Members Dwight, Kobayashi, Liu, Morioka and Mukaigawa).

6. Shall the Authority Authorize the Executive Director to Direct Almar Management, Inc. to Provide Preferential Slip Permit Rates to the University of Hawaii, for the Benefit of the School of Ocean and Earth Science and Technology at Kewalo Basin?

Mr. Ching summarized the written report in the packet distributed to Members.

Ms. Matson from the audience asked whether the same consideration would be provided to the Kewalo Marine Lab which has a vessel used for research.

Mr. Ching responded that no other requests for consideration had been received.

There being no questions from Members, Chairperson Lai entertained a motion to authorize the Executive Director to direct Almar Management, Inc. to provide preferential slip permit rates to the University of Hawaii, for the benefit of the School of Ocean and Earth Science and Technology at Kewalo Basin.

A motion was made by Member Chun and seconded by Member Saito.

A roll call vote was conducted.

Ayes: Members Annis, Bradley, Chang, Chun, Kimura, Lai, Okada and Saito.

Nays: None.

The motion passed 8 to 0 with 5 excused (Members Dwight, Kobayashi, Liu, Morioka and Mukaigawa).

VIII. ADJOURNMENT

There being no further business, a motion was made by Member Kimura and seconded by Member Okada to adjourn the meeting. The motion carried 8 to 0 with 5 excused (Members Dwight, Kobayashi, Liu, Morioka and Mukaigawa).

The meeting adjourned at 2:05 p.m.

Respectfully submitted,

/s/

C. Scott Bradley
Secretary

Note: The transcript of this meeting contains a verbatim record and should be consulted if additional detail is desired.