

Minutes of a Regular Meeting
of the Members of the
Hawaii Community Development Authority,
State of Hawaii

MEETING NO. 356
Wednesday, October 6, 2010

Members Present: Barbara Annis
C. Scott Bradley
Grady Chun
Joseph Dwight, IV
Francis Keeno
Paul Kimura
Ken Kitamura
Christopher Kobayashi

Kalaeloa Members: Stanton Enomoto (9:11 a.m.)
Evelyn Souza
David Tanoue
Maeda Timson (9:14 a.m.)

Members Absent: Jonathan Lai
Kay Mukaigawa
Dexter Okada
Kaulana Park
William Pieper, II
Russ Saito

Others Present: Anthony Ching, Executive Director
Sandra Ching, Deputy Attorney General
Richard Kuitunen, Asset Manager
Tessa Malama, Kalaeloa Director of Planning and Development
Deepak Neupane, Director of Planning and Development for Kakaako
Chris Sadayasu, Compliance Assurance and Community Outreach

Officer

Loretta Ho, Secretary
Patricia Yoshino, 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. C. Scott Bradley, Chairperson of the Authority, at 9:00 a.m. on

Wednesday, October 6, 2010, at the Authority's principal executive offices at 461 Cooke Street, Honolulu, Hawaii 96813, pursuant to Article IV, Section 1 of the Authority's Bylaws.

MATERIALS DISTRIBUTED

1. Report of the Executive Director;
2. Report of the Executive Director PowerPoint Presentation (distributed at the meeting);
3. Summary Minutes of Authority Meeting of August 4, 2010;
4. Information: Kalaeloa Status Report;
5. Information: Honolulu Rail Transit Oriented Development ("TOD") PowerPoint Presentation (distributed at the meeting);
6. Action: Shall the Authority Authorize the Executive Director to Enter into the Proposed Development Agreement for the Ward Neighborhood Master Plan;
7. Action: Shall the Authority Authorize the Executive Director to Enter into the Proposed Development Agreement for the Ward Neighborhood Master Plan - email from C. Mike Kido (distributed at the meeting);
8. Action: Shall the Authority Authorize the Executive Director to Execute an Agreement with Star Protection Agency LLC for Security Services for Kakaako Waterfront, Makai Gateway and Kewalo Basin Parks;
9. Action: Shall the Authority Authorize the Executive Director to Expend Hawaii Community Development Revolving Funds for the Design of Utility Connections to the Former Look Laboratory Building;
10. Action: Shall the Authority Authorize the Executive Director to Expend Hawaii Community Development Revolving Funds to Extend Contract No. 57656 with AECOM Pacific, Inc. for Professional Services to Assist the Hawaii Community Development Authority ("HCDA") in Complying with National Pollutant Discharge Elimination Systems ("NPDES") Permit Requirements for the Kakaako Community Development District;
11. Action: Shall the Authority Instruct the Executive Director to Write Off the Uncollectable Amount of Approximately \$805,000.00 from Rosette Steel Hawaii LLC at the CFS3 Building.

Chairperson Bradley introduced Mr. Francis Keeno, designee for Member Michael Formby from the Department of Transportation, and Mr. Ken Kitamura, designee for Member Theodore Liu from the Department of Business, Economic Development and Tourism.

II. APPROVAL OF MINUTES

1. Minutes of the Regular Meeting of August 4, 2010

Chairperson Bradley asked whether there were any corrections to the minutes of the August 4, 2010 meeting. There being none, the minutes were approved as presented.

III. REPORT OF THE EXECUTIVE DIRECTOR

Executive Director Anthony Ching provided his report via a PowerPoint presentation (see Exhibit A).

Chairperson Bradley asked whether Members had any questions for Mr. Ching.

Member Keeno asked if the Honolulu Police Department was utilized to control traffic for the concert event at Kakaako Waterfront Park.

Mr. Ching responded that a private security company controlled traffic in the parking areas as well as on the back side of Keawe Street where it stubs out to the park. He himself had monitored the event to see if there were any traffic congestion issues. A follow up meeting was scheduled with the concert promoter to ensure that problem areas would be addressed.

Member Keeno commented that since the volunteer Neighborhood Watch group was at Kolowalu Park with our knowledge and permission, if they were to do anything improper, the State could be alleged to be responsible or a claim could be made against the State. He suggested consulting with the Attorney General's office about protecting the State from action by the volunteers.

Mr. Ching responded that this particular community group was a recognized Neighborhood Watch program that received supervision from the Honolulu Police Department, especially with respect to enforcement. He was aware that anyone accepted as a volunteer by the State of Hawaii technically had to be treated as an employee with possible exposure in terms of liability.

Member Dwight asked how many people had attended the concert at Kakaako Waterfront Park.

Mr. Ching stated that attendance was around 3,000 and the concert venue would take 5,000 comfortably. This was a learning experience for the concert promoter, and issues such as better publicity, traffic control, monitoring sound levels would be discussed at the follow up meeting.

Member Souza commented that concert was well received, but recommended that there should be a plan in place to make sure that the concert promoter does address any follow-up issues.

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

IV. ITEMS FOR INFORMATION - KALAELOA

A. Kalaeloa Status Report

Ms. Tesha Malama, Kalaeloa Director of Planning and Development, summarized the written report in the packet distributed to Members.

Chairperson Bradley asked whether Members had any comments on the report.

Member Timson asked if any other groups besides the Kapolei Hawaiian Civic Club were being consulted on the Heritage Park.

Ms. Malama responded that the Hoakalei Foundation is reaching out to area developers and businesses. In addition, the State Historic Preservation Division has been involved in an advisory role.

B. Presentation on Rail Transit by Terrance Ware

Mr. Terrance Ware, TOD Administrator from the City & County of Honolulu (“City”) Department of Planning and Permitting provided a presentation on Honolulu Rail TOD via PowerPoint.

Chairperson Bradley asked whether Members had any comments on the report.

Member Kimura stated that he represented businesses in Kakaako and was interested in land assemblages and land buy-downs.

Mr. Ware stated that the City had no program for land acquisition. In reality, there is certain efficiency that is gained and almost required primarily by the parking requirements of any kind of redevelopment. As an example, at the time that the Beretania Street area was developed, the idea about small businesses having parking right out in front was probably fairly legitimate since there were very small parcels and fragmented ownership. If you are a small retailer today and you need 4 spaces per thousand square feet, it is almost impossible in most traditional urban areas to do that on a small single parcel. Land acquisition is driven by the need to create a critical mass of enough land to be able to support the parking requirement on the site. One of the ways to address that is by doing a parking district. For small or fragmented ownership parcels to develop under today’s existing parking requirements, aggregation of parcels would be required with a public agency or some joint venture stepping in to provide district parking. That’s the challenge that the community faces. In the first years of transit, people are going to continue to drive, so the idea that a developer could reduce the parking requirements significantly because transit is available is probably not supported. The developer is going to have to be competitive in the marketplace for 5-10 years until transit builds out and behavior changes.

Member Kimura asked if the City had plans to use condemnation as the tool to provide the needed parking or whether it would have to be done in the private sector.

Mr. Ware stated that the City's existing policy direction does not consider any condemnation relative to TOD. However, it did not foreclose the possibility that condemnation would not be utilized for another public purpose such as expansion of transit, or for parking which the charter and statutes allow for today.

Member Kimura asked if the City was going to help to put in parking.

Mr. Ware replied that there is a proposal in the Rail Project Environmental Impact Statement for a 1,500 space multilevel parking structure where the H2 and H1 highways converge near the Pearl Highlands Shopping Center. There are no other areas to his knowledge that the City, through its transit authority or through transit activities, was proposing to build additional parking. However, it could still be considered in the future if it were needed.

Member Souza complimented Mr. Ware for his comprehensive TOD presentation. She stated that park and ride facilities were designated at the Kapolei TOD's. She asked whether TOD would discourage people from having to drive.

Mr. Ware responded that for walking or bicycling to occur, wide sidewalks and bike routes that are convenient and safe to allow you to get to those areas would be needed. Parking would be needed at transit stations, and the land use and site planning stages would determine where the appropriate location would be for that parking. Hopefully it would be surrounded by additional retail, housing or employment uses so that you don't end up with seas of parking at each station location. The City's general concept in Kapolei is that it might be surface parking today, but over time it would develop into structure parking that is incorporated with active mixed use development.

Member Souza asked whether service stations and other entities would be allowed within a 1/2 mile radius of the TOD.

Mr. Ware replied that proposed zoning would try to discourage automobile related uses in those particular areas.

Chairperson Bradley asked whether there were any lessons learned from the TOD studies that could be applied specifically to Kakaako.

Mr. Ware responded that one report suggests that developers or the City should consider leading in Kakaako with the arts or leading with those things that don't require significant public investment. The reality is that there is little money to

invest, revenues are down and budgets are being cut. One approach relative to public/private partnerships and redevelopment of areas is that the arts in particular and public spaces and recreation require generally lower investment than mixed use residential towers, and begin to change the image of the area and brand it as something different.

Chairperson Bradley commented that the City's approach to parking was one of the critical elements involved in developing adequate capacity in Kakaako. He also noted that the challenge for the private sector involved assembling of land assemblages without government intervention. It sounded like the City had elected not to participate in this important topic.

Mr. Ware responded that there are ongoing discussions about how to make that happen. In the short term, it is understandable why any developer would want to make sure there is enough parking for their project, particularly if it is a residential project. One idea is to have the City work with the developer to provide the parking, and either require ownership of the parking to be conveyed to the City at some point in the future or provide some mechanism that controlled the use of the parking. Then in the future when some of the residents realize they can do with 1 car instead of 2, you can capture that parking and provide it to other uses in the areas such as in smaller parcels that want to redevelop but are too small to provide onsite parking. Some kind of district concept might be a way to fulfill parking requirements for the smaller as well as the larger users. The challenge is how to finance it.

Chairperson Bradley stated that the HCDA adds an additional layer of regulation in Kakaako and Kalaeloa, and there may be less opportunity for capitalizing on the financial benefits of TODs. He asked whether there were any issues the Authority should be thinking about or incorporating into its planning.

Mr. Ware responded that the City's planning efforts are starting on the West side and would gradually be moving Diamond Head as time goes on. When it gets closer to this corridor, there would be more serious discussions to make sure that the City's efforts are consistent with HCDA's planning efforts.

Member Timson stated that the situation in Kapolei was different from Kakaako. To discourage people from taking cars, they are synchronizing a good bus system and the rail. Developers out there are being creative. As an example, Horton's proposed Hoopili project is being developed over periods of time. During one period, they will use certain land for parking, and later as people get accustomed to rail and driving less, the parking will develop into a park or other business. The whole concept of rail is different depending on which part of the City you're in.

Mr. Ware acknowledged that the biggest challenge is change. We may talk about how we're change agents but the reality is that individuals are resistant to change.

When talking about increased density or living without your car, that's not the vision of the future for some people.

Chairperson Bradley asked whether any members of the public wished to comment on the presentation. He emphasized that the purpose of the presentation was to talk about TODs and their impact in Kakaako and Kalaeloa. Since Mr. Ware and the Authority were not here to do a referendum on rail, public comments should be kept focused on that subject.

Public Testimony:

Ms. Judy Rasmussen, a representative of Residents Along the Rail, stated her opposition to bringing rail along Kamakee and Queen Streets near condominiums. The residents feel that rail should run in commercial areas.

Ms. Michelle Matson, secretary of the Kakaako Makai Community Planning Advisory Council ("CPAC"), stated she was interested in Mr. Ware's comments about the arts, recreation and open space. In the proposed Kakaako Makai Master Plan, they are looking at peripheral parking at the edge of Kakaako Makai. The key features are park, open space, arts, performing arts and marine science. This is a compatible element to other areas of Kakaako that will have residential development.

Chairperson Bradley stated that the Authority would be convening in Executive Session to consult with its attorney on questions and issues pertaining to the board's powers, duties, privileges, immunities, and liabilities. The Authority would be relocating to another room for the Executive Session after which it would return to the Makai conference room. Chairperson Bradley requested that Counsel Sandra Ching, Anthony Ching, Tesha Malama, Chris Sadayasu and Secretary Patti Yoshino join the Executive Session.

A motion was made by Member Dwight and second by Member Kimura to enter into Executive Session. By a show of hands vote, the Authority voted unanimously to enter into Executive Session.

V. KALAELOA EXECUTIVE SESSION

2. The Authority convened in Executive Session at 10:10 a.m. pursuant to Section 92-5(a)(4), Hawaii Revised Statutes, to consult with the board's attorney on questions and issues pertaining to the board's powers, duties, privileges, immunities, and liabilities.

Members Enomoto, Souza, Tanoue and Timson exited the meeting at 10:48 a.m.

Chairperson Bradley reconvened the regular meeting at 10:48 a.m.

VI. KAKAAKO INFORMATION ITEM

C. Kakaako Makai Planning Process

Mr. Ching provided a summary of the Kakaako Makai Planning Open House which was conducted from September 27 to October 2, 2010. The public comments would be compiled and a composite plan would be presented at the next workshop scheduled for October 28, 2010. The final plan would subsequently be presented to the Authority for its review and adoption.

Public Testimony:

Ms. Michelle Matson stated she felt the process was going in the right direction. The facilities proposed are well supported and compatible with the CPAC's Vision and Guiding Principles. There were questions on issues such as the Presidential Library proposal and the harbor proposal to put in a public market. Harbor stakeholders feel they need support facilities and shops that are harbor oriented. The park space is a strong element and people want to see it expanded. Concerns expressed about hurricane and tsunami inundation zone and suggestions for use of Next Step Shelter site are all in the formative stage. She hoped to have more clarity coming out of the next CPAC meeting with a recommendation for some of these things. She thanked Mr. Ching for his suggestion to have the Open House which brought in additional comments from a wide spectrum of the community.

VII. KAKAAKO ACTION ITEMS

3. Shall the Authority Authorize the Executive Director to Enter into the Proposed Development Agreement for the Ward Neighborhood Master Plan?

Chairperson Bradley stated that Mr. Ching would present staff's report, after which representatives of General Growth Properties ("GGP") would provide information regarding their developing circumstances and the development agreement.

Chairperson Bradley noted that email testimony supporting approval of the development agreement was received from Mr. C. Mike Kido of the Pacific Resources Partnership. A copy of the email was distributed to Members.

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

Mr. Dave Cuthill, Vice President-Development of GGP, stated that the bankruptcy court would be ruling on confirmation of their reorganization plan on October 21, 2010. If approved, GGP would emerge from bankruptcy in early November as two separate companies: one would be GGP as the traditional mall owner and the other would be a new, as yet unnamed, company that would have the non-traditional mall assets. With equity infusion and their debt restructured, 100% of GGP's unsecured debt would be paid in full. Construction of the parking garage at Ward Village Shops has recommenced and should be placed in service by the end of 2010.

Mr. Chris Curry, Chief Development Officer of TPMC Realty Co., stated that the new company would be financially strong and would include seasoned real estate developers. Their mission is to be the preeminent master plan developer of communities around the world. However, timing for developing the first phase of the master plan would be dictated by market forces.

Mr. Douglas Ing, Esq. representing Victoria Ward, Limited ("VWL"), stated that the VWL master plan development agreement is similar to the one for Kamehameha Schools and implements the Master Plan as approved by the Authority.

There were no comments from Members on this agenda item.

Chairperson Bradley asked whether any members of the public wished to comment.

Public Testimony:

Mr. Mike Kido testified in support of the development agreement.

Mr. Jack Hamada testified in opposition to the Master Plan.

Ms. Judy Rasmussen testified in opposition to the Master Plan.

Ms. Michelle Matson testified in opposition to the Master Plan.

Chairperson Bradley stated that the public comments were appreciated. However, he clarified that the Master Plan had been previously approved and the Authority was now deliberating on whether or not to approve the phase of the development permit.

Member Keeno asked Mr. Ching whether he had any concerns in light of the comments.

Mr. Ching responded that modifications were part of the Master Plan hearing process and some of the modifications were intended to preserve view planes and give flexibility for shorter towers. The Mauka Area rules look to preserve view planes. The findings spoke specifically to Rules the Authority had already

approved. He reiterated Chairperson Bradley's comment that the action now before the Authority was to ratify the development agreement.

Chairperson Bradley entertained a motion for the Authority to authorize the executive director to enter into the proposed development agreement for the Ward Neighborhood Master Plan.

A motion was made by Member Kobayashi and seconded by Member Dwight.

Chairperson Bradley asked if there was any discussion on the motion. There was none.

A roll call vote was conducted.

Ayes: Members Annis, Bradley, Chun, Dwight, Keeno, Kimura, Kitamura, and Kobayashi.

Nays: None.

The motion passed 8 to 0 with 5 excused (Members Lai, Mukaigawa, Okada, Pieper and Saito).

4. Shall the Authority Authorize the Executive Director to Execute an Agreement with Star Protection Agency LLC for Security Services for Kakaako Waterfront, Makai Gateway and Kewalo Basin Parks?

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

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

Chairperson Bradley entertained a motion for the Authority to authorize the executive director to execute an agreement with Star Protection Agency LLC for security services for Kakaako Waterfront, Makai Gateway and Kewalo Basin Parks.

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

Chairperson Bradley asked if there was any discussion on the motion. There was none.

A roll call vote was conducted.

Ayes: Members Annis, Bradley, Chun, Dwight, Keeno, Kimura, Kitamura, and Kobayashi.

Nays: None.

The motion passed 8 to 0 with 5 excused (Members Lai, Mukaigawa, Okada, Pieper and Saito).

5. Shall the Authority Authorize the Executive Director to Expend Hawaii Community Development Revolving Funds for the Design of Utility Connections to the Former Look Laboratory Building?

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

Chairperson Bradley asked whether Members had any comments.

Member Keeno asked whether the initial plans were to demolish the building.

Mr. Ching replied that the original development plan had stalled and was eventually terminated. In order to attract potential tenants, a design and cost estimate to reconnect utilities to the facility was needed until a higher and better use is determined based on the Makai Plan.

Member Chun asked to what extent the building might currently be rentable with safety and security concerns in mind.

Mr. Ching responded that the building could marginally be used only for bulk/warehouse storage.

Public Testimony:

Ms. Michelle Matson asked whether the executive director could explain any potential proposals for use of the building.

Chairperson Bradley responded that there was no proposal that the Authority is considering. The Authority has a fiduciary responsibility to generate income. When the building becomes rentable, the HCDA could solicit potential tenants for interim uses only, and it would not interfere with the Makai Plan.

Chairperson Bradley entertained a motion for the Authority to authorize the executive director to expend Hawaii Community Development Revolving Funds for the design of utility connections to the former Look Laboratory Building.

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

Chairperson Bradley asked if there was any discussion on the motion. There was none.

A roll call vote was conducted.

Ayes: Members Annis, Bradley, Chun, Dwight, Keeno, Kimura, Kitamura, and Kobayashi.

Nays: None.

The motion passed 8 to 0 with 5 excused (Members Lai, Mukaigawa, Okada, Pieper and Saito).

6. Shall the Authority Authorize the Executive Director to Expend Hawaii Community Development Revolving Funds to Extend Contract No. 57656 with AECOM Pacific, Inc. for Professional Services to Assist the Hawaii Community Development Authority in Complying with National Pollutant Discharge Elimination Systems (“NPDES”) Permit Requirements for the Kakaako Community Development District?

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

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

Chairperson Bradley entertained a motion for the Authority to authorize the executive director to expend Hawaii Community Development Revolving Funds to extend Contract No. 57656 with AECOM Pacific, Inc. for professional services to assist the HCDA in complying with NPDES Permit Requirements for the Kakaako Community Development District.

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

Chairperson Bradley asked if there was any discussion on the motion. There was none.

A roll call vote was conducted.

Ayes: Members Annis, Bradley, Chun, Dwight, Keeno, Kimura, Kitamura, and Kobayashi.

Nays: None.

The motion passed 8 to 0 with 5 excused (Members Lai, Mukaigawa, Okada, Pieper and Saito).

7. Shall the Authority Instruct the Executive Director to Write Off the Uncollectable Amount of Approximately \$805,000.00 from Rosette Steel Hawaii LLC at the CFS3 Building?

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

Chairperson Bradley asked whether Members had any comments.

Member Keeno expressed his concern that the Attorney General had approved writing off a significant amount instead of pursuing it.

Mr. Ching responded that the Deputy Attorney Generals for both the Foreign Trade Zone and the HCDA had researched the issue. The HCDA was not precluded from retrieving funds, but was being authorized to take a tax write off for the uncollectable amount.

Chairperson Bradley entertained a motion for the Authority to instruct the executive director to write off the uncollectable amount of approximately \$805,000.00 from Rosette Steel Hawaii LLC at the CFS3 Building.

A motion was made by Member Dwight and seconded by Member Kobayashi.

Chairperson Bradley asked if there was any discussion on the motion. There was none.

A roll call vote was conducted.

Ayes: Members Annis, Bradley, Chun, Dwight, Keeno, Kimura, Kitamura, and Kobayashi.

Nays: None.

The motion passed 8 to 0 with 5 excused (Members Lai, Mukaigawa, Okada, Pieper and Saito).

Chairperson Bradley stated that the Authority would be convening in Executive Session to consult with its attorney. After the Executive Session, the Authority would reconvene for the sole purpose of adjourning the regular meeting. Chairperson Bradley requested that Sandra Ching, Anthony Ching, Deepak Neupane, Chris Sadayasu and Patti Yoshino join the Executive Session.

A motion was made by Member Annis and seconded by Member Keeno to enter into Executive Session. There were no objections by Members, and the Authority voted unanimously to enter into Executive Session.

A recess was taken at 11:57 a.m. while the public exited the regular meeting.

VIII. KAKAAKO EXECUTIVE SESSION*

- 8. The Authority convened in Executive Session at 11:59 p.m. pursuant to Section 92-5(a)(3), Hawaii Revised Statutes, to deliberate concerning the authority of persons designed by the board to negotiate the acquisition of public property or during the conduct of such negotiations.

*Meals were served as an integral part of the meeting during the Executive Session.

The regular meeting was reconvened at 12:48 p.m.

IX. ADJOURNMENT

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

The meeting adjourned at 12:48 p.m.

Respectfully submitted,

/s/

C. Scott Bradley
Chairperson

Attachment: Exhibit A - Report of the Executive Director

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