

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

MEETING NO. 334  
Wednesday, October 1, 2008

Members Present: C. Scott Bradley  
Amanda Chang  
Joseph Dwight, IV  
Michael Formby (9:39 a.m.)  
Paul Kimura  
Christopher Kobayashi  
Jonathan Lai  
Kay Mukaigawa (9:12 a.m.)  
Dexter Okada  
Russ Saito (9:08 a.m.)

Kalaeloa Members: Linda Chinn  
Henry Eng (9:11 a.m.)  
Stanton Enomoto  
Evelyn Souza (9:15 a.m.)  
Maeda Timson (9:07 a.m.)

Members Absent: Grady Chun  
Theodore Liu  
Robert Piper

Others Present: Anthony Ching, Executive Director  
Eugene Won, Deputy Attorney General  
Deepak Neupane, Director of Planning and Development for Kakaako  
Richard Kuitunen, Asset Manager  
Pearlyn Fukuba, Kalaeloa Program Specialist  
Patricia Yoshino, Secretary  
Loretta Ho, Secretary

## 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 Member Jonathan Lai, Chairperson of the Authority, at 9:05 a.m. on Wednesday, October 1, 2008, 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.

### MATERIALS DISTRIBUTED

1. Agenda for October 1, 2008 Meeting;
2. Summary Minutes of Authority Meeting of August 6, 2008;
3. Draft of Summary Minutes of Authority Meeting of September 3, 2008 (distributed at the meeting);
4. Summary Minutes of Executive Meeting of September 17, 2008;
5. Report of the Executive Director;
6. Information: Kalaeloa Status Report;
7. Information: Hawaii Public Housing Authority Report;
8. Information: Report of the Hunt/Ford Island Properties Memorandum of Understanding Committee;
9. Action: Lease Agreement and Expend Revolving Funds to Enter into a Lease with James Campbell Company, LLC for the Hawaii Community Development Authority (“HCDA”) Kalaeloa Field Office;
10. Action: HCDA Obligation for Improvements to the Hawaii Children’s Discovery Center Building and Expend Up to \$250,000 from HCDA Revolving Funds to Meet the Obligation;
11. Action: Contract with Sea Engineering, Inc. for the Makai Area Open Channel and Box Culvert Improvements and Repairs and Expend Additional Funds from the HCDA Revolving Funds.

## II. REPORT OF THE EXECUTIVE DIRECTOR

Chairperson Lai stated that since there was no quorum of Members present, the Executive Director’s report would be presented first.

Executive Director Anthony Ching stated he had two items to report. The first item was a proposal to utilize the services of a court reporter beginning with the October 15 public hearing and for subsequent Authority meetings to enable a verbatim transcript to be compiled. Each Member would receive a digital copy of the transcript in approximately two weeks after a meeting has taken place with hard copy maintained and available for public review. Minutes would still be produced and maintained; however, the minutes would no longer seek to capture an almost verbatim discussion of the proceedings. The minutes would summarize the actions

taken, the votes by the Authority, and the positions taken by individual Members. Utilization of a court reporter would provide for efficiency to produce records of the meetings.

Mr. Ching noted that his second item involved the recent news of budget reductions that were being discussed and considered by the State of Hawaii ("State"). The HCDA, as an attached agency of the Department of Business, Economic Development and Tourism, had been directed to compile scenarios with general fund budget reductions of 10, 15, and 20 percent. HCDA receives just under \$400,000 a year in the form of general funds, with very limited opportunity to produce or seek reductions in the magnitude of 10, 15 or 20 percent. The rest of the agency's revenues are derived from revolving funds as well as capital improvement project ("CIP") appropriations made by the Legislature each year or in the course of time. Budget cuts would have to be covered by a shift in the means of financing for the 4 positions from general funds to revolving funds. The 4 positions that are general funded currently are the executive director, secretary, and 2 Kalaeloa staff positions. The agency is seeking to avoid any staff layoffs. HCDA has sufficient means within the appropriate revolving funds to counterbalance the reductions that may be requested. The scenarios being discussed are not mandates, but the agency needs to be prepared with contingencies to meet budget reductions without any loss in staff. Staff is closely examining the types of projects that will be undertaken from the prospect of receiving either CIP funding, which is typically through bonds, or other proposals that might emanate from the agency. It is important during these times that good government projects continue and signal that the economy can function and weather these times with stewardship and management of our resources while enabling and supporting economic development. He stated he would be submitting to the Authority a legislative packet which would seek to strike a balance between meeting the mandates set by the Legislature and in the event the projects cannot be supported on their own by general funds or bond proceeds.

Member Bradley stated it appeared odd that a court reporter would be hired when budget cuts are being considered. He suggested a tape recording could be maintained with the streamlined version of the minutes instead of an entire transcript. He also asked for an example of which revolving funds would be used to offset budget cuts from the general fund.

Mr. Ching stated the legal basis for using the revolving funds would be carefully examined. As an example, the reserved housing public facilities for dedication or Improvement Districts ("ID") have certain limitations that would have to be observed. Hypothetically, if there were a reserved housing project that both the Authority and Legislature approved, but the Legislature chose not to fund the project with timely CIP appropriations, HCDA would then try to leverage private partnerships, using its assets as the lever and seek to engage in the project. If it were necessary for funds to be advanced by HCDA to complete the project, the reserved housing subaccount that

exists could be the appropriate vehicle to use to complete the project, absent CIP funding from the Legislature. It is possible that the Legislature could delve into the Authority's revolving funds and take the fund for other uses.

Regarding the costs associated with transcripts, Mr. Ching stated HCDA has a history of seeking to produce very comprehensive, almost verbatim minutes. Although attempts have been made to streamline the minutes, the length and variety of the discussions need to be recorded appropriately. The current secretary, as did her predecessor, spends a great deal of time reviewing the tapes of the proceedings to ensure that the minutes produced are comprehensive and appropriate. The time regularly extends into late hours and weekends. Transcripts by a court reporter would enable on a timely basis for a record to be produced. The minutes produced by staff would truly then become summary minutes indicating the actions, votes and positions taken by individual Members.

Member Bradley stated that he would defer to what other Members found useful. For his own purpose, he would be satisfied with summary minutes, without incurring the expense of a court reporter.

Member Timson stated she understood the time taken to produce the minutes, but felt it was important that the minutes should not fail to note what the community comments were. She underscored the importance of having minutes that reflect community concerns and sentiments that are offered at a meeting.

Member Chang stated she would like summary minutes. However, instead of a verbatim transcript on paper, she asked whether the audio tapes could be preserved.

Mr. Ching noted Member Timson's concerns about community comments and stated such comments would be recorded in the summary minutes. Regarding Member Chang's question on audio tapes, he stated that tapes are sometimes inaudible and also unwieldy in the event staff had to search through a tape to verify comments or questions. He felt that at a cost of \$5 - \$6 per page for a transcript, it would be more time and cost effective to produce a transcript by a certified court reporter than to continue the burdensome and time consuming process of reviewing the tapes. From his experience at the Land Use Commission, Mr. Ching estimated a 2 day meeting for 7 hours a day would typically cost approximately \$2,000.00 to produce a transcript. He estimated that a 2 or 3 hour transcript of the Authority's typical meeting might cost \$500.00.

Chairperson Lai stated he had verified with the Attorney General's office that the Hawaii Revised Statutes Section 92-9 required that the Board shall keep written minutes of all meetings. Although neither a full transcript nor recording of the meeting is required, the written minutes should give a true reflection of the matters discussed at the meeting and the views of the participants. He suggested that the

Authority should consider whether a court reporter would be a worthwhile expenditure.

Member Souza noted that Neighborhood Board meetings are videotaped. She suggested videotaping Authority meetings, which provide a comprehensive record of a person's attitude and the message delivered.

Mr. Ching noted that with a tape recording or videotape, staff would still be obliged to transcribe and produce the minutes. A digital transcript could be produced more efficiently and would be easier to store and made available for public viewing or research purposes.

Member Kimura stated he would like to see a transcript and suggested using a court reporter on a trial basis to determine if it provided more information to the Authority as well as the public.

Member Kimura inquired about infrastructure improvements. At a community meeting, a resident of Hokua complained that HCDA had received monies for a park a couple of years ago, but nothing had been done.

Mr. Ching stated he recently met with members of Hokua and Ko'olani boards of directors and had also made a presentation to the Kakaako Neighborhood Board. The Queen Street Mauka and Makai Park was dependent on the completion and release of the area currently used by General Growth Properties ("GGP") to develop their Whole Foods Ward Village Shops area. The release had just been given and HCDA was seeking to secure a design consultant.

Mr. Deepak Neupane, Kakaako Director of Planning and Development, stated the bid packet was almost done and construction would likely begin in January. The construction term was anticipated to be about 18 months.

Mr. Ching further noted that there were issues over which HCDA has no control, such as access by residents to areas not subject to the park. Contention existed amongst both the associations, and HCDA had attempted to facilitate a resolution.

Chairperson Lai noted for the record that Members Mukaigawa, Saito, Eng, Souza and Timson were present. With sufficient Members now present for a quorum, the minutes were presented for approval.

### III. APPROVAL OF MINUTES

#### 1. Minutes of the Regular Meeting of August 6, 2008

Chairperson Lai asked whether there were any corrections to the minutes of the August 6, 2008 meeting. There were no corrections offered by Members. It was moved by Member Dwight and seconded by Member Kimura to approve the minutes as written. By a show of hands vote, the motion passed 14 to 0 with 4 excused (Members Chun, Formby, Liu, and Piper).

2. Minutes of the Regular Meeting of September 3, 2008

Chairperson Lai stated that approval of the minutes of the September 3, 2008 would be deferred.

3. Minutes of the Executive Meeting of September 17, 2008

Chairperson Lai stated the special meeting of the Authority had been called for the sole purpose of entertaining two items in Executive Session. He asked whether there were any corrections to the minutes of the September 17, 2008 meeting. There were no corrections offered by Members. It was moved by Member Dwight and seconded by Member Kimura to approve the minutes as written. The motion passed 14 to 0 with 4 excused (Members Chun, Formby, Liu, and Piper).

IV. ITEMS FOR ACTION

4. Election of HCDA Officers for Fiscal Year 2008-2009

Chairperson Lai opened the nominations for Chairperson, Vice-Chairperson and Secretary.

Member Timson nominated Member Saito for Chairperson.

Member Kobayashi nominated the existing officers: Member Lai for Chairperson, Member Kimura for Vice-Chairperson and Member Chang for Secretary.

Member Souza inquired whether a Member could volunteer to serve as an officer. Chairperson Lai responded that Members could nominate themselves.

Chairperson Lai asked whether there were any other nominations. There were no other nominations. It was moved by Member Kimura and seconded by Member Souza to close the nominations.

Member Enomoto inquired whether an ex-officio Member of the Authority was allowed to serve as an officer. The question was referred to Deputy Attorney General Eugene Won to research.

Chairperson Lai noted for the record that Member Formby was present.

Member Chang requested that her nomination as Secretary be withdrawn.

Chairperson Lai asked whether any Members wished to nominate someone or volunteer to run as Secretary. There being none, Chairperson Lai requested a vote on the position of Vice-Chairperson.

Chairperson Lai asked for a show of hands vote for Member Kimura as Vice-Chairperson. Member Kimura was elected by a show of hands vote of 15 to 0 with 3 excused (Members Chun, Liu and Piper).

Member Timson stated that at other Boards, a candidate who runs unopposed is automatically elected.

Chairperson Lai stated that even if all three officer nominees were running unopposed, a vote would be conducted for the candidates as a slate. Given the interesting challenges with this election, a separate vote for each position would be taken.

Chairperson Lai deferred the vote for Chairperson to a later time on the agenda.

## V. ITEMS FOR INFORMATION

### A. Hawaii Public Housing Authority (“HPHA”) Report

Mr. Adam Burson, HPHA Homeless Programs Specialist, summarized his written report (included in the packet distributed to Authority Members).

Mr. Burson reported that the Next Step Shelter (“Shelter”) served 62 single men, 13 single women, 10 couples, 4 families and 28 children during August 2008. Also in August, 8 individuals left the Shelter to their own provided housing, 1 individual was referred to the Adult Mental Health Division Housing, 1 individual was enrolled in outpatient treatment, and 2 received full time employment going from unemployment. The goal of the Shelter is to get people out on their own, and having 8 individuals housed in private housing is a pretty good result.

Member Souza asked which organization was operating the facility.

Mr. Burson stated it is Hawaii Helping the Hungry Have Hope (“H-5”).

Member Souza asked whether H-5 was previously involved in the transportation aspect of the project.

Member Saito asked whether Member Souza meant the Shelter or Building 36.

Member Souza clarified she was inquiring about the newest one.

Mr. Burson stated Honolulu Community Action Plan (“HCAP”) operates Building 36 and it was their first homeless shelter endeavor.

Member Timson commented that she was happy with HPHA efforts in Kalaeloa and the Waianae Coast. The report showed progress in helping the people move on with their lives and not keeping them homeless.

B. Navy Report

Ms. Lynn Tanaka, NAVFAC Hawaii Asset Management Business Line Coordinator, provided the Navy report. She stated the Navy was still in negotiations with Hunt Development/Ford Island Properties, LLC (“Hunt”) to convey 499 acres of brokered parcels. The Navy was required to enter into a lease agreement for the property by September 30, 2008. Some final arrangements needed to be completed before an announcement could be made.

Regarding the public facilities in Kalaeloa, she stated the Navy had made some concessions. The Navy did shut down operations of the bowling center effective October 1 because they knew the Navy would eventually cease to run the facility. In the meantime, during the transition between the Navy and transferring the property to Hunt, they would work at getting a private concessionaire to run the facility.

Ms. Tanaka stated the Navy had not determined when the Child Development Center (“CDC”) would be closed. The date of closure was dependent on when the lease is completed, how it transitions and how fast they can get a private operator. In the interim, new inquiries are referred to other Navy CDCs.

Ms. Tanaka stated the City and County of Honolulu (“City”) has been operating Pointer and Pride Fields (“Fields”) for many years. The Navy issued the City a license which expired last summer, and it is currently on a month-to-month status quo basis in operating the Fields. The Navy met last week with Mr. Lester Chang, Director of the City Department of Parks and

Recreation, to determine if a more formal arrangement can be made instead of relying on an expired license.

Ms. Tanaka stated that the Navy will continue to work with other entities on the conveyance including the status of the Ewa Marine Corps Air Station (“EMCAS”).

Member Timson expressed her disappointment that the Navy shut down the bowling alley even though the private concessionaire was willing to pick it up immediately. She thanked the City for continuing to operate the Fields. At a Kapolei Neighborhood Board meeting, over 300 families, parents and children attended in support of the Fields, but the Navy did not show up. She expressed concern about closing the CDC since child care services in West Oahu are very strained. While the Navy had been a good neighbor in the past, she felt they needed to become more responsive to community concerns about public benefits.

Ms. Tanaka noted it was the City who had allowed the license for the Fields to expire. The Navy did not attend the Kapolei Neighborhood Board meeting because of the sensitivity of the ongoing lease negotiations. The CDC staff has been placing new families at other CDC facilities since they will have to bring in a commercial operator in the future.

Member Souza reiterated Member Timson’s comments that although the Navy had been a very good neighbor in the past, the Navy had become estranged since the Base Realignment and Closure (“BRAC”). She felt that the dates in the Navy report were noncommittal and there was nothing solid in the transition. She questioned why the bowling alley was closed when Ms. Linda Painter was qualified and willing to immediately take over operations as a private concessionaire.

Ms. Tanaka stated that, as with any large government agency, the Navy needed to complete required paperwork and legalities before entering into an agreement with a private concessionaire. She stated the Navy had met last week with Ms. Painter and Ms. Bev Brennan and was trying to complete an agreement as quickly as possible.

Member Enomoto asked whether the Navy was negotiating the lease agreement or an agreement with the intent to lease with Hunt.

Ms. Tanaka responded that it was the lease and it would hopefully be completed very shortly.

Member Enomoto inquired as to whether there would be conditions in the lease regarding the EMCAS and the potential for greater historic preservation review.

Ms. Tanaka stated that the Navy would follow the National Historic Preservation Act, Section 106 as long as Hunt is a lessee and the Navy is still the landowner. She stated that adequate surveys were completed in the late 1990's and while they were still working through those issues, they expressed understanding and confidence with Hunt's plans for the property.

Member Enomoto since the EMCAS outreach covered not only the Hunt properties, but also the land conveyed to the Federal Aviation Administration and the State Department of Transportation ("DOT"), the issue of EMCAS had a pretty broad reaching impact as well as the work developed in the Kalaeloa Master Plan. He inquired as to whether the Navy planned additional surveys.

Ms. Tanaka responded that the Navy would follow Section 106 with respect to additional consultation.

Member Saito asked for clarification on what issue the Navy was avoiding regarding the lease arrangement versus conveying the land in fee. He noted that a complete survey would be required if the land was conveyed, but not if it was leased.

Ms. Tanaka stated the Navy would still have to follow the environmental review process. She noted that if Hunt were to become the eventual landowner, they would still have to follow the State environmental process.

Member Saito requested clarification on the arrangement for Hunt to get from the lease arrangement to ownership, and asked why the Navy did not move directly to convey the land.

Ms. Tanaka stated there were issues involving what Hunt could do and develop right away with respect to the Navy. Future development would involve the administrative rules that HCDA was developing.

Member Bradley asked if there was a structure or plan for Hunt to submit its plans first to the Navy; what guidelines the Navy would use to approve the plans, and whether it would be HCDA guidelines that have been previously established.

Ms. Tanaka stated that the HCDA Master Plan was used to guide future development. If the Navy is still the landowner, Hunt would have to get Navy

approval to make sure their plans are within the Navy's rules. She noted that Mr. Ching has had discussions with Mr. Steve Colon of Hunt regarding a Memorandum of Understanding ("MOU").

Member Bradley asked whether the Navy would have the responsibility for approving Hunt's development plan and whether they were committed to following HCDA guidelines and would come to the Authority for approval.

Ms. Tanaka asked whether the guidelines were completed.

Mr. Ching stated the technical appendices did have specific guidelines but had not yet been adopted in the form of rules.

Ms. Tanaka stated that when the Navy did its environmental assessment ("EA"), they had to assume some level of available document, and they worked within the bounds of the Master Plan. When administrative rules are adopted, it was her belief that Hunt, assuming the lease with the Navy is signed, would be required to follow the rules.

Member Bradley asked whether the benefit of going to a lease first was so that something could be done either quickly or outside of requirements imposed by the State.

Ms. Tanaka stated she could not speak for Hunt.

Member Bradley stated he understood that it was not appropriate to ask the Navy to speak on behalf of Hunt. However, if Hunt asked the Navy for approval for development in Kalaeloa, he wanted to know whether the Navy's process for approving the development would be consistent with the Authority's rules.

Ms. Tanaka stated that the Navy had completed an EA on the impact to the community that was based on the HCDA Master Plan which was the only document they had for future development.

Member Bradley asked whether a newer version of the administrative rules would impact the Navy.

Ms. Tanaka stated that administrative rules would be a subject for further discussion. At this point, she could state the Navy was committed to following the documents that are in place when they sign the lease agreement.

Member Saito asked which set of administrative rules Ms. Tanaka was referring to, since there were new HCDA administrative rules as well as

permitting, building codes, etc. which can be conveyed by administrative rules or by ordinance. He stated it was important to understand what is conveyed under a lease arrangement with the Navy.

Member Timson stated her belief that the Navy chose to lease so the developer would not have to follow other rules and regulations. Mr. Dev Braganza of Hunt was asked several months ago at an Authority meeting whether they planned to follow City building codes, etc. Mr. Braganza stated they would follow what they have to follow. The reason for the lease is so that they do not have to be bound by rules and regulations that other developers and entities would have to follow.

Member Okada inquired whether the Fields could be conveyed to the City since the City would be the operator.

Ms. Tanaka stated the Navy has to convey property at their market value, so more would be involved in conveying the property to the City.

C. Kalaeloa Status Report

Mr. Ching stated Ms. Pearlyn Fukuba, Kalaeloa Program Specialist, was available to answer questions regarding the written report (included in the packet distributed to Authority Members).

Member Souza inquired about the committee that oversees the archaeological and cultural sites in Kalaeloa, and requested information about the letter from Mr. Lance Holden that was attached to the report.

Ms. Fukuba stated that Mr. Holden was president of Ahahui Hawaii Siwila o Kapolei (“Ahahui”) and the letter was dated June 5, 2008 addressed to Mr. Micah Kane of the Department of Hawaiian Home Lands (“DHHL”). The letter stated Mr. Holden’s concerns regarding the racetrack.

Member Souza inquired as to why Members did not receive a copy of the first letter as it would have been informational for the September 3, 2008 meeting of the Authority. The second letter was dated September 8, 2008 and was addressed to the Authority, but was not forwarded to the Authority Members earlier.

Ms. Fukuba stated she did not have an answer but would follow up on it.

Member Souza stated that Mr. Holden had not been able to attend the last Kapolei Neighborhood Board meeting, but sent an email to all Members that he and his organization were opposed to the construction of any raceway

because of the impact it would have on the undeveloped site. Member Souza stated she had copies of a communiqué from Mr. Holden identifying himself as president of the Kapolei Hawaiian Civic Club (“KHCC”). The letter stated that KHCC had met with SORT, LLC, and was still in opposition to any type of raceway being built due to the risk of damage to the undeveloped area on Parcel 24. Member Souza stated she had a BRAC letter from the federal government stating that the southern parcel covering nine acres and containing Ordi Pond provided a habitat for several species of endangered migratory shorebirds. Ordi Pond is located 50 yards away from the proposed raceway, and the raceway could destroy the habitat.

Member Souza stated for the record that she is not opposed to a raceway. She was just opposed to a raceway located on that particular parcel. DHHL has land in Campbell where a raceway would be appropriate. Member Chinn had gone on record stating that DHHL perceived the racetrack track to be minor use. Member Souza felt that an EA at the very least was needed at the site.

Member Timson stated that in 1999, Hawaiian groups spoke out and wanted to ensure that whatever was in Kalaeloa would be preserved. She also questioned why she did not receive the letter addressed to the directors of the HCDA Board. She had not been aware that there were Hawaiian cultural groups opposed to the racetrack.

Mr. Ching stated that it was not a practice to censure any communication. If a letter or email was received that concerned Kalaeloa, it would be automatically forwarded to the Kalaeloa staff.

Member Saito noted that the particular letter was addressed to Mr. Kane of DHHL. He stated that the real question concerned whether HCDA had authority over any lands that have been conveyed to DHHL.

Mr. Ching stated that the Authority had received advice from the Attorney General during its Executive Session at the June 2008 Authority meeting. At the time, it was presented as an opinion from counsel, but not a formal opinion of the Attorney General.

Member Saito stated that a motion should be made to request a formal written opinion from the Attorney General because it was crucial to know whether the Authority has jurisdiction over DHHL lands.

Member Timson made a motion to request a formal legal opinion from the Attorney General on whether DHHL has sovereignty over its property in the Kalaeloa District. Member Souza seconded the motion.

Chairperson Lai asked whether Members had any questions on the motion.

Member Souza stated that in a case involving the Sierra Club and the Super Ferry, the result indicated that no one can be above the requirement for an environmental impact statement (“EIS”) even when the impact is outside their particular realm. Although DHHL has sovereignty over its lands, if it impacts the outside community, they must do an EIS. However, DHHL had not done an EIS, because the racetrack was on a month-to-month lease and the impact was considered to be minor. She stated that the community would be affected by thousands of people, since 162,000 people went through Hawaii Raceway Park in one year.

Member Dwight commented that the Attorney General may have previously given DHHL an opinion on another matter regarding authority over its lands. It was possible that there was already an existing opinion and the Authority would not be asking for a new opinion.

A roll call vote was conducted on the motion to request a formal opinion from the Attorney General as to whether DHHL has sovereign immunity over the lands that it owns in Kalaeloa.

Ayes: Members Bradley, Chang, Dwight, Formby, Kimura, Kobayashi, Mukaigawa, Okada, Saito, Eng, Souza, Timson and Chairperson Lai.

Nays: None.

The motion carried 13 to 0, with 1 recused (Member Chinn) and 4 excused (Members Chun, Enomoto, Liu and Piper).

D. Report of the Hunt/Ford Island Properties (“Hunt”) Memorandum of Understanding (“MOU”) Committee

Mr. Ching summarized the written report (enclosed in the packet distributed to Authority Members).

Member Enomoto returned to the meeting at 10:30 a.m. after a brief absence. Member Eng exited the meeting at 10:33 a.m.

Member Timson expressed appreciation to staff for their time and efforts to keep the public facilities available to the community. She stated there was still more to accomplish and asked for continued efforts to work with the Navy.

Mr. Ching stated the Navy had given every indication that there was no reason Hunt could not engage with HCDA in discussions on the public benefit portion of the MOU. Mr. Steve Colon of Hunt had indicated that after an agreement with the Navy was completed, he would be more open to having MOU discussions. The Hunt MOU Committee should be continued and should meet again as developments and discussions with Hunt progress. In addition, the U. S. Congressional delegation had been asked to strongly suggest to Hunt that it would be in their interest to have discussions with HCDA regarding the disposition of public facilities and programs in the Kalaeloa district.

Mr. Ching noted the push by Congressman Neil Abercrombie to require or insert MOU language into defense appropriations bills ultimately failed to win the support of Congress. Therefore, the leverage or congressional language requiring the MOU was not received. Mr. Ching also noted that Mr. Dev Braganza, who was formerly a vice president and Hunt point of contact regarding Kalaeloa, was no longer employed by Hunt. Mr. Colon was now the point of contact with Hunt.

Member Timson asked whether it would be possible to have Hunt included as a part of the Kalaeloa report and have a representative of Hunt present at Authority meetings.

Mr. Ching responded that he would make the request of Hunt.

4. Election of HCDA Officers for Fiscal Year 2008-2009 - Continued

Chairperson Lai asked Deputy Attorney General Eugene Won to comment on the eligibility of an ex-officio Member to serve as an officer. Mr. Won stated that an ex-officio Member was eligible.

Chairperson Lai stated there was no candidate for Secretary and Member Kimura earlier in the meeting had run unopposed for Vice-Chairperson. Staff conducted tallies of the votes for Chairperson, and based on a simple majority, the current Chairperson Lai was reelected.

Member Timson asked for the actual vote count.

Mr. Ching responded that the vote was 8 to 6 for Chairperson Lai.

Chairperson Lai stated that the Secretary position was still vacant and hoped to get a nomination by the next meeting.

VI. EXECUTIVE SESSION

5. Acquisition of Land – Kalaeloa

Mr. Ching stated that the Executive Session agenda item had been included as a placeholder on the agenda in the event more extreme action by the Authority was necessary to preserve existing activities at Kalaeloa. Given the Navy’s assurance and Hunt MOU Committee report, discussion in Executive Session was not required.

Chairperson Lai thanked Mr. Ching for the clarification.

VII. ITEMS FOR ACTION – CONTINUED

6. Shall the Authority Authorize the Executive Director to Execute a Lease Agreement and Expend HCDA Revolving Funds to Enter into a Lease with James Campbell Company, LLC for the HCDA Kalaeloa Field Office?

Chairperson Lai stated that the agenda item had incorrectly referred to the revolving fund as HCDA Revolving Fund and the action item should specify that authorization was being sought for the expenditure of Kalaeloa Revolving Fund monies.

Mr. Richard Kuitunen, HCDA Asset Manager, summarized the written report (included in the packet distributed to the Authority Members).

Mr. Ching thanked DHHL for their provision of the existing office facilities used by Kalaeloa staff. He noted, however, that the facilities were not compliant with the Americans with Disabilities Act (“ADA”), lacked certain accommodations and potentially offered some exposure to safety risks for the staff. It was also important for staff to be situated in an appropriate public office that could be responsive to the growing needs of the Kalaeloa Community Development District “KCDD”). While the preference was to be in the KCDD, there was no site available that could be occupied without encountering numerous ownership and/or availability issues or substantial costs for renovation. Appropriate consultation with the Hawaii Government Employees Association was also being undertaken to ensure their requirements for a move were being met.

Member Timson stated her agreement with staff’s recommendation and offered a motion to have the Authority execute a lease with the James Campbell Co. for the HCDA Kalaeloa Field Office. The motion was seconded by Member Souza.

Member Saito inquired regarding the cost to make the existing office ADA accessible. He noted that the current location was in the KCDD and not difficult to get to as it was just off the main road. He commented that the U. S. Veterans Administration manages 3 facilities in the KCDD and the State has 3 homeless facilities. The State was building different types of facilities using the existing buildings and making them ADA compliant.

Mr. Ching stated that in order to be ADA accessible, it would require shifting the office from the second floor to the first floor, which might not have available space. In addition, plumbing was an issue in several of the units, and power and utility service was inconsistent in the area and sometimes caused the staff to be totally out of contact with the main office. With 2 female employees situated in individual offices, security was an issue since there was no controlled area with some sort of protective barrier should persons posing a threat present themselves. The plumbing, utility and other physical improvements to the existing site would be prohibitive in cost. Staff had searched throughout the district for a suitable site but had been unsuccessful in locating a site that could potentially house staff and promote public and community use in the area.

Member Saito noted that the proposed office space was just over 1,000 square feet, which may not be sufficient for public meetings.

Member Souza stated she appreciated the facility that DHHL currently provided. However, she felt it was not safe for 2 young ladies or 1 staff person alone. She noted that the sink in the office emptied into a bucket and then had to be manually emptied elsewhere. In order to refurbish the building, it would require refurbishing DHHL's building, which itself was not conducive to HCDA.

Member Souza inquired whether the proposed office space was located on the first floor and had a common bathroom.

Mr. Kuitunen stated the office was on the first floor, and had common area bathrooms no more than 2 suites away.

Member Enomoto commented that in past years, HCDA had struggled to get monies through the assessment process to pay for improvements within the district, e.g., to cut grass, improve signs or roadways. In light of the budget cutbacks, he suggested that it might be prudent to remain at the existing office space. The excess funding could help pay for part-time staff, consulting contract or other types of activities that could help accelerate the rule making process. As far as public meeting space, staff has been able to get space for public meetings at Kapolei High School, Kapolei Middle School, or the City

building in Kapolei. He noted that Hunt would be leasing 499 acres which included a number of facilities that they would want to lease out, including the possibility of the credit union building. He suggested that the Authority defer the action item until it had a better sense of where Hunt was going.

Mr. Ching stated that staff had considered several locations in the KCDD. The fire station had been potentially offered by Hunt when it was converted to office space, but it was uncertain as to the timing, tenure of a lease and cost. The credit union building was seriously considered, but HCDA did not want to displace the credit union and the cost to refurbish was too high. The existing revolving fund and MOU process was based on a prorated share of a \$200,000 budget. He commented that \$200,000 was not a large enough sum to address the very pressing needs in the district and could not sponsor projects that required millions of dollars in order to be effective improvements in the KCDD. The \$50,000 to \$60,000 cost was within what could be budgeted to produce the safe work environment for the staff as well as foster enhanced community access and work in the KCDD. By this time next year, it was expected that the rules would be in place and staff would need to field comments and/or inquiries from the public as to development opportunities and requirements in the area.

Member Dwight commented that the report indicated \$110,000 in uncommitted funds and the remaining funds would come by way of a future MOU with Kalaeloa landowners. He inquired whether there was a guarantee that the funds would be available.

Mr. Ching responded that the funds would come from continuance of the existing MOU. The current balance did not reflect the expected receipt of the assessment share from the DOT which was the largest share in the MOU. Although the balance was shown as \$110,000, the projection would be \$250,000.

Member Dwight inquired whether the budget cuts would affect the State agencies that were landowners in the KCDD.

Mr. Ching responded that DOT is totally special funded and received very little, if any, support from general funds.

Member Dwight proposed that the lease have a provision for the possibility that funds may not be available, in order to avoid having to take money from other areas. He also stated for the record his preference that the office should be in the KCDD and asked for a provision to exit out of the lease within a certain period should a more suitable location arise in the KCDD.

Member Timson stated that she was concerned about the environment of safety in the existing office based on her personal experience there. She was grateful to DHHL for the free office space, but because of the issues with plumbing and safety, she would not expect herself or her own staff to work in that office.

Member Saito requested the lease be structured so that the contingencies proposed by Member Dwight would be included in the terms.

Mr. Kuitunen stated the funding requirement was already in the offer to lease. He requested clarification as to whether discussions should be terminated in the event the landlord was not willing to allow for an exit clause if another location becomes available in the KCDD.

Member Kimura stated for the record that he would also prefer the office be located in KCDD. He acknowledged that safety of the staff was very important, and supported having a contingency to allow for a move to Kalaeloa.

Member Mukaigawa stated her understanding that leasing space in the Kapolei area was very tight and the management companies may not be flexible, although it was possible some consideration would be given to a State agency.

Mr. Ching stated that based on existing infrastructure and projects within the KCDD, it would take 3 years even on a fast track for commercial facilities to become available. Instead of a 5-year term as proposed, HCDA could seek a 3-year term contingent upon the conditions for opting out on the funding.

Member Dwight proposed amending the motion to change the term to 3 years instead of 5 years and provide flexibility to exit the lease in the event a suitable alternative becomes available in the KCDD.

Member Timson and Member Souza accepted the amendment to their motion.

A roll call vote was conducted on the amended motion to authorize the Executive Director to execute a lease agreement and expend Kalaeloa revolving funds to enter into a lease with James Campbell Co. LLC for the HCDA Kalaeloa field office subject to a 3-year lease with the option to exit the lease should space in the KCDD become available and subject to availability of State funding.

Ayes: Members Bradley, Chang, Dwight, Formby, Kimura, Kobayashi, Mukaigawa, Okada, Saito, Chinn, Enomoto, Souza, Timson and Chairperson Lai.

Nays: None.

The motion carried 14 to 0 with 4 excused (Members Chun, Eng, Liu and Piper).

A recess was taken at 11:19 a.m. to allow the Kalaeloa Members (Chinn, Enomoto, Souza and Timson) to depart. Member Dwight exited the meeting at 11:22 a.m.

Chairperson Lai reconvened the meeting at 11:23 a.m.

7. Shall the Authority Authorize the Executive Director to Meet the Remaining HCDA Obligation for Improvements to the Hawaii Children's Discovery Center Building and Expend Up to \$250,000 from HCDA Revolving Funds to Meet the Obligation?

Mr. Neupane summarized the written report (enclosed in the packet distributed to Authority Members).

Mr. Ching stated the Hawaii Children's Discovery Center ("HCDC") was an anchor tenant in Kakaako Makai and HCDA continued to be responsible for the facility. The work that was done was well within the purview of the responsibilities of a landowner. He had consulted with previous executive directors of HCDA, Ms. Jan Yokota and Mr. Michael Scarfone to verify the assertion that before the smokestack could be painted, the contractor took down the scaffold before the improvements could be made. The smokestack still remains unpainted and is a significant item that has not been funded or remedied. In addition, some of the costs were associated with the location and conduct of the ID-12 project, which impacted the configuration and layout of HCDC's front door and parking. The request for expenditure would fulfill obligations incurred over the course of 3 previous executive directors.

Member Saito asked for clarification of the \$238,000 contingency.

Mr. Ching stated that the amount was up to \$250,000 which included utility relocation and other expenses incurred by HCDC in their current renovation project and specifically the smokestack.

Member Mukaigawa inquired as to the age of the contractor bids.

Mr. Ching replied that the specifications were current.

Member Formby requested clarification as to whether \$250,000 would fulfill the obligations or whether there would be the possibility of a request for increased funding.

Mr. Ching stated the costs were certain in that they had either been bid or incurred already.

Ms. Loretta Yajima, President of the Board of Directors of HCDC, stated the cost for moving the utility lines were incurred when Ohe Street was realigned and the portion that used to be their front entrance was blocked off. The cost incurred was not only from Hawaiian Electric Co. and Hawaiian Tel, but their contractor already had done the trenching and completed much of the work. Those costs incurred have already been paid for by HCDC. While there may be other costs, she felt the \$250,000 would fulfill the obligation so they would not have to come back and request additional funding.

Member Kimura stated he would like to speak in favor of HCDC. He has known Ms. Yajima for many years and HCDC was a very good cause and has helped children. He recommended the Authority support the request.

Chairperson Lai entertained a motion to authorize HCDA to meet the remaining obligation for improvements to the HCDC building and expend up to \$250,000 from HCDA revolving funds to meet the obligation. A motion was made by Member Mukaigawa and seconded by Member Kimura.

A roll call vote was conducted.

Ayes: Members Bradley, Chang, Formby, Kimura, Kobayashi, Mukaigawa, Okada, Saito and Chairperson Lai.

Nays: None.

The motion carried 9 to 0 with 4 excused (Members Chun, Dwight, Liu and Piper).

8. Shall the Authority Authorize the Executive Director to Contract with Sea Engineering, Inc. for the Makai Area Open Channel and Box Culvert Improvements and Repairs and Expend Additional Funds from the HCDA Revolving Funds?

Mr. Neupane summarized the written report (included in the packet distributed to Authority Members).

Chairperson Lai asked whether anyone from the public wished to provide testimony on the agenda item.

Mr. Jack Hamada from the audience inquired as to the purpose of the channel.

Mr. Ching replied that the open channel and box culvert provided the mechanism by which regional drainage for the greater Kakaako/Kewalo region is accommodated. It transports the drainage water to the seaway and is the recipient of waters from underground drainage facilities.

Mr. Neupane stated storm water drains into the box culvert from Makiki and all the area mauka of Kakaako as well as Kakaako.

Mr. Ching stated that the box culvert is considered to be an extremely important regional facility for drainage in Kakaako as well as the greater area from as far away as Makiki. While it was not the only outlet, it was one of the major outlets.

Ms. Michelle Matson from the audience inquired about the scope of work or an explanation of what was entailed in the contract.

Mr. Neupane explained that there had been damage to the concrete. The concrete was falling and the reinforcements were being exposed. During the investigation when divers were sent in, the huge reinforced concrete channel was moving. It had moved at the joints, so it would be necessary to put in fasteners and gaskets to prevent further movement.

Member Saito noted that the project was budgeted for \$1,030,000. He asked whether the additional amount added was based on a contingency to cover change orders.

Mr. Neupane stated the bid amount was \$791,000 with \$238,000 added as a contingency to the project.

Member Saito inquired regarding the design costs.

Mr. Neupane replied that design costs had previously been authorized and were not included in this request.

Member Okada inquired whether the culvert had been built by the City or State.

Mr. Neupane responded that HCDA built the culvert as part of the drainage channel for the ID-2 project. The channel had existed as a natural channel before HCDA built the box culvert.

Chairperson Lai asked for a motion to authorize the executive director to contract with Sea Engineering, Inc. for the Makai area open channel and box culvert improvements and repairs and to expend additional funds from HCDA revolving funds. A motion was made by Member Kimura and seconded by Member Saito.

A roll call vote was conducted.

Ayes: Members Bradley, Chang, Formby, Kimura, Kobayashi, Mukaigawa, Okada, Saito and Chairperson Lai.

Nays: None.

The motion carried 9 to 0 with 4 excused (Members Chun, Dwight, Liu and Piper).

#### VIII. ITEMS FOR INFORMATION - CONTINUED

##### F. Report of the General Growth Properties Master Plan Subcommittee

Chairperson Lai stated he was taking this agenda item out of order. The report of the General Growth Properties Master Plan Committee was on the agenda because it had been anticipated that the Committee would meet prior to the Authority meeting. However, due to scheduling conflicts, the Committee had not been able to meet. The report of the Committee would be deferred to the next meeting in November 2008.

Ms. Matson inquired as to who were the members of the committee.

Members Bradley, Kobayashi, Mukaigawa and Okada indicated by a show of hands they were members of the committee. Chairperson Lai noted that Member Chun was also a member.

#### IX. EXECUTIVE SESSION – CONTINUED

##### 5. Kewalo Basin Rules

Chairperson Lai stated that Members had been given a report of the Kewalo Basin Rules Committee. However, information had been received literally early that morning from the Attorney General's office. He asked for a motion to

convene in Executive Session to discuss this recent development. Member Formby moved to have the Authority enter into Executive Session. The motion was seconded by Member Saito. By a show of hands vote, the motion carried 9 to 0 with 4 excused (Members Chun, Dwight, Liu and Piper).

Chairperson Lai apologized to the members of the public for the last minute change and requested that the public vacate the room and that Executive Director Anthony Ching, Director of Planning and Development Deepak. Neupane, Asset Manager Richard Kuitunen, Deputy Attorney General Eugene Won and Secretary Patti Yoshino join the Executive Session discussion.

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The Hawaii Community Development Authority convened in Executive Session at 11:53 a.m. pursuant to Section 92-5(a)(4), Hawaii Revised Statutes.  
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It was moved by Member Chang and seconded by Member Saito to return to the regular meeting. The motion was carried 9 to 0 with 4 excused (Members Chun, Dwight, Liu, and Piper).

The regular meeting was reconvened at 12:41 p.m.

Member Bradley exited the meeting at 12:45 p.m.

VIII. ITEMS FOR INFORMATION - CONTINUED

E. Report of the Kewalo Basin Rules Committee

Chairperson Lai asked Mr. Ching to present the report of the Kewalo Basin Rules Committee.

Mr. Ching stated that at the September 2008 meeting, Chairperson Lai had appointed a committee composed of Members Kimura, Saito, Morioka (designee Formby), Dwight and Chang to review the concerns introduced by stakeholders at the meeting and how the concerns were either already or could be addressed in the proposed rules. The committee met on September 18, 2008 and September 24, 2008 and would be submitting a final report to the Authority within 2 days since staff had been directed to make changes to and/or produce a final written report.

Chairperson Lai asked whether anyone in the audience wished to provide testimony on the information item.

Mr. Gary Dill from the audience asked if he understood correctly that a committee had been created and the committee's report would be coming out in a couple of days.

Chairperson Lai replied that was correct. As it was only an information item, the Authority was providing the opportunity for the public to speak since testimony had already been received.

Mr. Mike DeRego from the audience asked what was the purpose of the committee.

Chairperson Lai responded that the purpose was to review the Kewalo Basin Rules.

Mr. DeRego asked whether there had been any input from the Kewalo Ocean Activities ("KOA") or anyone else.

Chairperson Lai replied that was not the purpose of the committee.

Mr. DeRego asked whether he would be able to see a copy of the report.

Mr. Ching responded that the report would be distributed within a couple of days, and it would be a public document and would be made available by hard copy or email.

Mr. DeRego stated he was confused about the committee and the sudden executive meeting and the lack of a committee report. He felt it was not being made open to the public.

Ms. Matson stated she was from the Community Planning and Advisory Council ("CPAC") and had heard mention of a Kewalo Basin task force. She asked who were the members of the task force.

Mr. Ching replied that in the course of presentations made to stakeholders, he had indicated that a task force or advisory group would be formed as a result of HCDA assuming jurisdiction and management of Kewalo Basin. The membership would consist of existing stakeholders, members of the Kewalo Basin parks group as well as various charter, commercial and excursion boats of interest. However, there had not been any action to activate the group since the rules had not been promulgated.

Ms. Matson inquired whether the Kewalo Marine Laboratory would be on the agenda in the future. She stated that there was a lot of public concern about its future in Kewalo Basin.

Chairperson Lai commented that this was the time for public comments on the Kewalo Basin Rules. He had noted her comments, but the subject was not on the agenda.

Ms. Matson stated that her testimony would be that there was mounting public concern regarding the future of Kewalo Marine Laboratory because they needed to be at their existing location and not cast aside by the University of Hawaii. She hoped HCDA could assist with a win-win situation to avoid what happened to the Kewalo Keiki Fishing Conservancy also happening to the Kewalo Marine Laboratory.

## **VIII. ADJOURNMENT**

Chairperson Lai asked whether there were any other matters to be brought up. There being no further business, it was moved by Member Mukaigawa and seconded by Member Chang to adjourn the meeting. The motion was carried 8 to 0, with 10 excused (Bradley, Chun, Dwight, Liu, Piper, Chinn, Eng, Enomoto, Souza, and Timson).

The meeting adjourned at 12:49 p.m.

Respectfully submitted,

/s/

Amanda Chang  
Secretary