

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

MEETING NO. 329  
Wednesday, May 14, 2008

Members Present: C. Scott Bradley  
Amanda Chang  
Grady Chun (9:07 a.m.)  
Joseph Dwight, IV  
Paul Kimura  
Christopher Kobayashi (9:03 a.m.)  
Jonathan Lai (9:57 a.m.)  
Kay Mukaigawa (9:05 a.m.)  
Dexter Okada  
Robert Piper  
Russ Saito (9:02 a.m.)

Kalaeloalo Members: Linda Chinn  
Henry Eng  
Evelyn Souza  
Maeda Timson

Members Absent: Theodore Liu  
Michael Formby  
Stanton Enomoto

Others Present: Anthony Ching, Executive Director  
Eugene Won, Deputy Attorney General  
Tessa Malama, Director of Planning and Development for Kalaeloalo  
Craig Nakamoto, Director of Communications  
Deepak Neupane, Director of Planning and Development for Kakaako  
Loretta Ho, Secretary  
Patricia Yoshino, Secretary Designate

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. Paul Kimura, Vice Chairperson of the Authority, at 9 a.m. on Wednesday, May 14, 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.

Vice Chairperson Kimura advised the Authority Members present that he will be conducting the meeting until Chair Lai arrives. Chair Lai had previously indicated a conflict with his appearance in court.

Member Timson asked if there was a quorum. Vice Chair Kimura responded that ten members were present and constituted a quorum.

MATERIALS DISTRIBUTED

1. Summary Minutes of Authority Meeting of April 2, 2008;
2. Summary Minutes of Special Meeting of April 16, 2008;
3. Kalaeloa Status Report;
4. Hawaii Public Housing Authority Status Report;
5. Action: Geiger Gate Entry Way Beautification Project Request.
6. Action: Purchase, Install and Configure of Geographic Information System (GIS) Hardware and Software

II. APPROVAL OF MINUTES

Vice Chair Kimura noted a correction to the meeting agenda with respect to item number 2. Approval of the minutes of the Executive Session of April 2, 2008 had been inadvertently included on the agenda. Pursuant to Section 92-5(a)(3) and Section 92-5(a)(4) Hawaii Revised Statutes he is removing the item from the agenda.

1. Minutes of the Regular Meeting of April 2, 2008

Vice Chair Kimura asked whether there were any corrections to the minutes of the April 2, 2008 meeting. There were no corrections offered by Members. It was then moved by Member Souza, second by Member Piper to approve the minutes as written. By a show of hands, the motion passed 12 to 0 with 5 excused (Members Chun, Formby, Lai, Liu, and Enomoto).

2. Minutes of the Special Meeting of April 16, 2008

Vice Chair Kimura noted that only the Kakaako members would be allowed to vote on these minutes. Vice Chair Kimura asked whether there were any corrections to the minutes of the April 16, 2008 Special meeting. There were no corrections offered by Members. It was then moved by Member Bradley and seconded by Member Saito to approve the minutes as written. By a show of hands, the motion passed 8 to 0 with 4 excused (Members Chun, Formby, Lai, and Liu).

### III. REPORT OF THE EXECUTIVE DIRECTOR

Executive Director Anthony Ching noted that the full Executive Director's report was enclosed in the packet distributed to the Authority members and presented a summary of his report via a power point presentation (Exhibit A).

Vice Chairperson Kimura noted the arrival of Members Mukaigawa and Kobayashi for the record. He then asked the Members whether they had any questions for Mr. Ching.

Member Timson asked Mr. Ching if the Authority Members would review and approve the MOU with Hunt before it was executed. Mr. Ching responded in the affirmative. Member Timson then asked for clarification of the tennis facility proposal Mr. Ching mentioned in his report and if there was going to be any cost to Kalaeloa or to the HCDA budget. Mr. Ching indicated a possibility that HCDA would undertake the project to redevelop the mauka side as a clay court as reflected by the proposal. He indicated that the proposal was for the non-profit to operate and maintain such a facility at no cost to HCDA and also offer lessons and open it up to the general community. Member Timson stated she would like to get more information before HCDA moves forward with the proposal because she feels there are other facilities (i.e., Pride and Pointer Fields/Baseball) that need support in the district. She indicated that the Authority should have input on the money that HCDA would be spending before they actually do it in the Kalaeloa district. Executive Director Ching responded he would not spend or commit any money until the Authority has given its approval.

Member Timson commented she's appreciative of the capital improvement project monies appropriated by the Legislature for Kalaeloa and wanted to ensure that this appropriation would not be spent on planning or thinking to just do something. Mr. Ching responded that money was earmarked specifically for effecting health and safety improvements in Kalaeloa.

Member Eng asked for clarification in the Legislature summary with respect to the flexibility in using Kakaako staff for Kalaeloa. He wondered whether there were any restrictions or controls with respect to the co-mingling of funds between the districts. Mr. Ching responded that co-mingling of funds between the districts was not allowed.

Mr. Ching described the separate CIP allocation given each year by the Legislature to cover the bulk of HCDA's staff wages and benefit costs. Mr. Ching indicated that there are only four staff positions that are general funded. These four positions included that of the Executive Director, the Executive Director's secretary and the two Kalaeloa staff. Mr. Ching stated that the CIP allocation with respect to wages and benefits had previously been specifically earmarked for the benefit of Kakaako. This would have prohibited Kakaako staff from being used for Kalaeloa projects unless there was a charge back to the project. Mr. Ching indicated that with the added flexibility provided by the Legislature, Kakaako staff can now be used to support Kalaeloa activities without having it become a cost factor for the district. Mr. Ching reiterated that whenever CIP funds are specifically appropriated for Kakaako or monies are generated within Kakaako, these funds cannot be co-mingled or otherwise used for Kalaeloa.

Member Okada communicated his feeling that the HCDA should educate the Legislature as to the difference between Reserved Housing and Affordable Housing. Member Okada voiced his hope that the Governor's Policy Office would not veto S.B. 3166 because the Governor has already appointed members who recognize the role of small businesses in the HCDA community. Member Okada expressed his hope that the Governor's office understands that S.B. 3166 is needed.

Mr. Ching indicated that Member Okada's comments with respect to S.B. 2294 were well taken and noted that he had sought to define the terms during his legislative testimony. He indicated that both Affordable Housing and Reserved Housing were used and interchanged frequently by legislators. Mr. Ching noted that Affordable Housing extends down to 60% of the median income whereas Reserved Housing is intended to cover families earning between the 100%-140% of median income. Mr. Ching stated that affordable housing typically includes rental housing and that reserved housing is a component of workforce housing and includes for sale units.

Mr. Ching stated his general agreement with Member Okada's remarks regarding HCDA's testimony for SB 2294. Although the HCDA has tried to distinguish between the two types of housing, there is a general feeling in the community that developers of million dollar high rises must be making large sums of money and therefore they should be required to build more Reserved Housing units. Mr. Ching noted his opinion that the Legislature wanted the HCDA to develop more Reserved Housing units in Kakaako.

To respond to this legislative priority, Mr. Ching indicated that the HCDA should proactively seek to develop more Reserved Housing projects in partnership with Kakaako landowners and developers. Mr. Ching also indicated his willingness to meet with the authors of S.B. 2294 in developing appropriate regulatory amendments which might stimulate the development of affordable and workforce housing units in

Kakaako. However, it is clear that the Legislature is committed to doing all that it can to effect the development of more affordable or workforce housing in Kakaako. That message from the Legislature is clear. Mr. Ching stated that he has committed to both the Senate and the House to work in the interim on necessary legislative proposals that address this critical need.

Mr. Ching addressed Member Okada's comments to SB 3166. He stated his support for the enactment of the measure and indicated that testimony supporting the measure had been offered by staff and that staff would continue to support the enactment of this measure.

Member Saito asked if staff was soliciting proposals to develop a new software application system and indicated some concern with that approach. Mr. Ching responded that he is only exploring the feasibility and functionality that is offered by this particular vendor (Accela). Mr. Ching indicated his interest in understanding the feasibility, cost and benefits of such a system. Mr. Ching indicated his understanding of Member Saito's comments regarding procurement and commitment to adhere to the procurement process.

Member Saito recommended that staff explore the feasibility of all sorts of systems. Member Saito stated that the Administration is transitioning to a Technology Base or Innovation Base Economy and noted the need to use Small Business preference to develop new software applications. Member Saito indicated that staff must be very considerate of what our local developers are capable of and support their use in moving forward with agency automation projects.

Member Bradley expressed his agreement with Mr. Ching's assessment that the Reserved Housing Bill (SB 2294) will come back. Member Bradley stated he's concerned that the bill is being framed as a Reserved Housing versus Developer proposal. He noted that history has proven that when Reserved Housing is required of developers; it raises the price of housing for everyone. Member Bradley expressed his feeling that the developer is not going to take less profit when they are required to develop Reserved Housing. If pressed, the developer is going to have to raise the price on the other 80% of the units and the project, which in turn, raises the cost of housing for everyone else.

The impact is that in Kakaako, the only thing that you can build is luxury condominium during a very limited window of opportunity. During the other seven years of the cycle, the lots lay vacant and undeveloped. Member Bradley stated for the long term, policy needs to be developed that encourages the marketplace to develop needed affordable/reserved housing, rather than simply requiring developer to produce a particular quota. He suggests that the HCDA should put together a package for the Legislature to show that we are serious about effecting a solution to this critical issue. HCDA should look at what other jurisdictions are doing, tax base

incentives, financing incentives or flexible zoning to encourage developers to build more reserved housing. Alternatives need to be developed for the Legislators to look at, as opposed to pursuing a punitive approach that instead might contribute to aggravating the problem for everyone.

Mr. Ching indicated that Member Bradley's points are well taken. Mr. Ching noted during the Legislative Session that landowners such as GGP and KS had been asked to identify what incentives to build Reserved Housing worked for them. Mr. Ching noted that this was a critical issue and getting an answer that works for developers is a key item that staff would be working on during the off season. Member Mukaigawa also echoed the comments and sentiments expressed by Member Bradley.

Member Saito asked where the difference between Reserved Housing versus Affordable Housing is defined in the statutes. How does the law define these two categories? Mr. Ching responded there's a broader discussion and definitions for affordable housing that go beyond Kakaako. HCDA's statute mentions Affordable Housing, but the definitions in the Authority's rules are just for Reserved Housing.

Mr. Ching commented that in the eighties, the HCDA developed Honuakaha and were able to develop other Affordable Housing units. He indicated they have to be realistic and understand what circumstances allowed the Authority to develop this type of project. Did they have the land? Did they have some tax credits to give? Did they have willing developers? Mr. Ching stated that once the project is constructed, there are continuing obligations to manage and maintain the project appropriately.

Mr. Ching again expressed his desire to work in the off season on proposals which would address affordable housing issues in the district and State. Mr. Ching noted that SB 2294 levied the Reserved Housing requirement on all projects even if they were exclusively industrial, resort, or commercial projects. He stated his belief that we must understand how such a proposal would work in Kakaako and clarify what you might reasonably achieve in Kakaako as well as throughout the State with this type of requirement.

Member Bradley asked Mr. Ching what his plan was for next session. Mr. Ching indicated that he would be working to put together a real reserved housing project that they could show to the Legislature is a product of developers and government working together. He also indicated he would be working to address some of the other issues which affect the production of affordable housing in the State.

Vice Chair Kimura indicated his support for the City's announced intention to repave a portion of Queen Street. He feels that this project will make that section of Queen Street a lot safer and drivable. Vice Chair Kimura also commented on the need for small business representatives to serve on the Authority. He went on to say it's great that the Kalaeloa members are mandated and thinks Kakaako should have at least a

couple of mandated members so they can speak without worrying about creating a conflict of interest. Vice Chair Kimura commented that Mr. Mollway of the Ethics Commission had previously indicated that legislation was needed to clarify this matter. Vice Chair Kimura expressed his hope the Governor would not subsequently veto the bill.

Member Timson agreed with Vice Chair Kimura on this matter. She expressed her feeling that without Kalaeloa Members, they would not get half the things moving. Member Timson went on to say when there are members from the district on the Authority, they know what the community wants and needs.

Vice Chairperson Kimura subsequently passed the gavel to Chairperson Lai upon his arrival.

#### IV. ITEM FOR INFORMATION

##### A. Kalaeloa Status Report

Tesha Malama, Director of Planning and Development for Kalaeloa summarized her written report enclosed in the packet distributed to the Authority members.

Chairperson Lai asked the Members whether they had any questions for Ms. Malama.

Member Timson stated that there are still unanswered questions regarding the pending lease of lands by the Navy with Hunt Development. Member Timson requested follow-up on the issue of environmental assessment. She requested a response from the representative of the Navy. She also requested information from Ms. Tanaka as to the involvement of the community in this matter. Member Timson expressed her frustration that she had not yet received a copy of the review.

Member Timson asked about the status of the MOU between HCDA and the Navy and the manner in which the Authority would be handling this matter. Member Timson also indicated that she had also met with the Baseball Community. She expressed her continuing commitment to the baseball playing community and indicated her support for maintaining those facilities.

Member Timson commented given the historical use of the fields by the community by many hundreds of children she asked if Hunt would be also maintaining the fields. She also noted the particular importance of Pride Field. This field sports the only 90 foot diamond which the older players use

exclusively. Member Timson repeated her support for maintaining these baseball facilities versus tennis facilities, given the numbers of children in baseball and the shortage in Kapolei of playing fields.

Ms. Malama noted that Lynn Tanaka is off island this week and had not submitted a report. The Environmental Assessment had been discussed with Ms. Tanaka and Ms. Tanaka has promised a report. Member Timson asked if the deadline already passed. Ms. Malama responded they are still working on that document.

Ms. Malama noted that a first draft MOU had been just provided by Dev Broganza (Hunt) to staff. Ms. Malama stated Member Timson's questions regarding the maintenance of baseball facilities within Kalaeloa will be addressed within the MOU. Ms. Malama noted that Pride Field is actually comprised of 4 fields and that there were 2 other fields at Pointer.

Member Okada asked Ms. Malama if Hunt was a member of Kalaeloa Advisory Team. Ms. Malama indicated that Hunt has been participating with the Kalaeloa Advisory Team subcommittee with respect to the formulation of rules and also on the Kalaeloa Community Network. She noted their consistent attendance. Ms. Malama noted participation on the Kalaeloa Public Safety Committee is on an invitation basis only.

Member Timson asked Ms. Malama what the plan was for Hunt to answer all the pending questions previously posed by the Authority. Ms. Malama indicated that the MOU might address many of those questions and will be presented to the Authority. She indicated that the Navy and Hunt would be invited to discuss the MOU and other issues with the Authority at another meeting. Member Timson directed staff to the Authority's April minutes where many of the Authority's questions were noted and indicated her desire for answers on those items.

B. Hawaii Public Housing Authority Status Report

Tesha Malama introduced Mr. Adam Burdon, Homeless Programs Specialist of Hawaii Public Housing Authority. Ms. Malama summarized the Hawaii Public Housing Authority written report (included in the packet distributed to the Authority members). Ms. Malama thanked the Kapolei Neighborhood Board who has pushed to have the Kalaeloa Shuttle up and running prior to the opening of Building 36. Mr. Burdon stated that September 1, 2008 is the date they're hoping that the shelter would be formally opened. Mr. Burdon noted that HCAP will be contracted to operate the program at Building 36.

Member Timson thanked Member Saito for his efforts related to Building 36, and the Kalaeloa Shuttle.

Member Souza also expressed her thanks to Member Saito for his work in this area.

Ms. Malama commented the shuttle service will fill a current need. She indicated that the goal is to project the ridership to the County's The Bus program, so that in the longer term city bus service would be provided to the district. Ms. Malama also noted that the contract agreement with Next Step Shelter provider has been extended from July 1, 2008 to June 30, 2009.

IV. EXECUTIVE SESSION

Chairperson Lai asked for a motion to enter into Executive Session to discuss the following item:

4. Executive Director Performance Evaluation pursuant to Section 92-5(a)(2), Hawaii Revised Statutes, to consider evaluation of an employee where consideration of matters affecting privacy will be involved.

Chairperson Lai noted for the public that they would be asked to vacate the conference room while the Authority conducted deliberations on the above matter. He estimated that the discussion would take approximately one hour at which time the Authority would reconvene for two Action Items. First Action Item would be, "Shall the Authority Authorize the Executive Director to expend Kalaeloa Community Development Revolving Funds for the Geiger Gate Entry Way Beautification Project within the Kalaeloa Community Development District," followed by the Action Item, "Shall the Authority Authorize the Executive Director to Expend Up to \$30,000 from the Hawaii Community Development Authority Revolving Fund for Purchase, Installation and Configuration of Geographic Information System Hardware and Software. Chairperson Lai noted that there would be no decision-making or action taken during the executive session.

Since there were no questions regarding the procedures, Chairperson Lai entertained a motion to convene into the Executive Session. It was moved by Member Mukaigawa and seconded by Member Souza to enter into Executive Session. The motion carried 15 to 0 with 3 excused (Members Formby, Liu and Enomoto).

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The Hawaii Community Development Authority entered into Executive Session at 10:18 a.m.

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It was moved by Member Saito and seconded by Member Dwight to reconvene the regular meeting. The motion was carried 12 to 0 with 6 excused (Member Formby, Liu, Eng, Chinn, Enomoto and Timson).

The meeting was reconvened at 11:18 a.m.

V. ACTION ITEM

5. Shall the Authority Authorize the Executive Director to Expend Kalaeloa Community Development Revolving Funds for the Geiger Gate Entry Way Beautification Project within the Kalaeloa Community Development District?

Chair Lai solicited public testimony on this subject. There was no response and no members of the audience present. Tesha Malama introduced Suzette Smith, Project Manager for Kalaeloa Rentals and Kalaeloa Staff Pearlyn Fukuba, who would be making the presentation.

Ms. Fukuba summarized staff's report and recommendation (enclosed in the packet distributed to the Authority members). Ms. Fukuba turned over the presentation to Ms. Smith. Ms. Smith stated the first beautification project conducted by the community at the Kalaeloa Entry Way had been very successful. She noted that the Geiger entry is not as large as the Kalaeloa entry but is in disrepair. Ms. Smith commented there's not as many things that need to be done and indicated that they intended to focus on removing the chain link fence and conducting other clean-up. She indicated their objective to leave the guard shack, but clean it up by removing the old light fixtures, boarding or covering the windows and painting the shack. Ms. Smith stated they would install Kalaeloa appropriate signage, install lighting and beautify an existing island in front of the shack area.

Chairperson Lai asked if the members had any questions for Ms. Fukuba or Ms. Smith.

Member Kimura asked how much money they were asking for the Authority to approve. Ms. Smith responded \$15,000 and noted that the Authority packets included a spread sheet describing the estimated cost of the project.

Member Piper asked what the balance of the revolving fund was today. Executive Director Ching responded it's about \$140,000 and commented HCDA is still due the full year's allotment from DOT. Member Piper then asked what the sources of funds were for the revolving fund. Mr. Ching responded that a MOU agreement amongst landowners operating within the district was the source of the revolving fund. Member Piper asked if it was ongoing assessments. Mr. Ching responded that assessments were generally collected twice a year. Member Piper asked what was the general purpose of the revolving fund. Mr. Ching responded that the fund was for the benefit of the district.

Member Piper then asked for clarification regarding the potential use of \$5,000 designated for contingency. Ms. Smith responded when they had developed the budget they were still in the planning stage and had not projected exact uses for the contingency amount. Member Piper stated his concern that one-third of the budget is allocated for contingency.

Ms. Fukuba indicated her hope that given the generous level of donations that the group had received in the past, that they wouldn't need to use the contingency fund. Member Piper commented he doesn't have a problem with the need for a contingency amount, but feels it needs to be more clearly stated. In addition while the costs of maintenance might be donated, he is also hearing that there may be a need for money in the future.

Member Okada asked why they are maintaining the guard shack. Ms. Fukuba responded primarily for safety.

Member Saito expressed similar concerns as noted by Member Piper's question regarding the contingency amount. Member Saito went on to say he would assume if the Authority were to allow the contingency, it was his understanding that if the contingency funds were not used, the monies would be returned to the revolving fund. Ms. Fukuba responded in the affirmative.

Member Chang thanked them for doing the beautification projects and involving the community.

There being no further discussion, Chairperson Lai entertained a motion to adopt staff's recommendation. Member Saito moved to Authorize the Executive Director to Expend Kalaeloa Community Development Revolving Funds for the Geiger Gate Entry Way Beautification Project within the Kalaeloa Community Development District as requested by staff. Member Chang seconded the motion.

A roll call vote was conducted.

Ayes: Members Bradley, Chang, Chun, Dwight, Kimura, Kobayashi, Mukaigawa, Okada, Piper, Saito, and Chairperson Lai.

Nays: None

The motion carried 11 to 0 with 7 excused (Member Formby, Liu, Enomoto, Eng, Chinn, Souza and Timson).

6. Shall the Authority Authorize the Executive Director to Expend Up to \$30,000 from the Hawaii Community Development Authority Revolving Fund for Purchase, Installation and Configuration of Geographic Information System Hardware and Software?

Chairperson Lai solicited public testimony on the agenda item. There was no response and no members of the public present. Deepak Neupane, Director of Planning and Development for Kakaako presented staff's report and recommendation enclosed in the packet distributed to the Authority members.

Chairperson Lai asked members if they had any questions for Mr. Neupane. Member Saito stated several concerns that he had regarding the recommendation. After some discussion, Mr. Ching requested that the item be removed from the agenda and brought back to the Authority when Member Saito's concerns could be addressed. Chair Lai approved the request by Mr. Ching to remove the item from the agenda at this time.

Member Joseph Dwight, Jr. exited the meeting at 11:50a.m.

#### IV. EXECUTIVE SESSION- CONTINUATION

Chairperson Lai asked for a motion to enter into Executive Session to discuss the following item:

4. Development and Lease Agreement with the University of Hawaii for the Cancer Research Center of Hawaii pursuant to Section 92-5(a)(3) and 92-5(a)(4), Hawaii Revised Statutes, to deliberate regarding the authority of persons designated by the Authority to conduct negotiations involving the acquisition of public property, and/or to consult with the Authority's attorney or questions and issues pertaining to the Authority's powers, duties, privileges, immunities, and liabilities in relations to this agenda item.

Chairperson Lai noted for the public that they would be asked to vacate the conference room while the Authority conducted deliberations on the above matter. He estimated that the discussion would take approximately one hour.

Since there were no questions regarding the procedures, Chairperson Lai entertained a motion to convene into the Executive Session. It was moved by Member Saito and seconded by Member Kimura to enter into Executive Session. The motion carried 15 to 0 with 3 excused (Members Formby, Liu and Enomoto).

Chairperson Lai requested that Executive Director Anthony Ching; Deputy Attorney General Eugene Won; Director of Planning and Development for Kakaako Deepak Neupane; Project Manager Teney Takahashi; Director of Communications Craig Nakamoto, Secretary Loretta Ho and Secretary Designate Patti Yoshino to join the Executive Session discussion.

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The Hawaii Community Development Authority entered into Executive Session at 11:53a.m.

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It was moved by Member Saito and seconded by Member Dwight to reconvene the regular meeting. The motion was carried 12 to 0 with 6 excused (Member Formby, Liu, Eng, Chinn, Enomoto and Timson).

The meeting was reconvened at 12:13 p.m.

VII. ADJOURNMENT

There being no further business, it was moved by Member Kimura and seconded by Member Saito to adjourn the meeting. The motion passed by a show of hands vote of 10 to 0, with 8 excused (Members Dwight, Formby, Liu, Chinn, Enomoto, Eng, Souza and Timson).

Respectfully submitted,

Amanda Chang  
Secretary