

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

MEETING NO. 340
Wednesday, April 1, 2009

Members Present: C. Scott Bradley
Amanda Chang
Joseph Dwight, IV
Paul Kimura
Jonathan Lai
Kay Mukaigawa
Robert Piper
Russ Saito

Kalaeloa Members: Stanton Enomoto (9:06 a.m.)
Evelyn Souza

Members Absent: Grady Chun
Micah Kane
Christopher Kobayashi
Theodore Liu
Brennon Morioka
Dexter Okada
David Tanoue
Maeda Timson

Others Present: Anthony Ching, Executive Director
Eugene Won, Deputy Attorney General
Linda Chinn, Land Management Division Administrator,
Department of Hawaiian Home Lands
Kathy Sokugawa, Division Chief for Planning Division, City &
County of Honolulu Department of Planning & Permitting
Chong Gu, Administrative Services Officer
Tessa Malama, Director of Planning and Development for
Kalaeloa
Deepak Neupane, Director of Planning and Development for
Kakaako
Richard Kuitunen, Asset Manager
Patricia Yoshino, Secretary
Loretta Ho, Secretary
Holly Hackett, Court Reporter

I. ROLL CALL

A regular meeting of the Members of the Hawaii Community Development Authority (“Authority”), a body corporate and public instrumentality of the State of Hawaii, was called to order by Mr. Jonathan Lai, Chairperson of the Authority, at 9:03 a.m. on Wednesday, April 1, 2009, at the Authority’s principal executive offices at 677 Ala Moana Boulevard, Suite 1001, Honolulu, Hawaii 96813, pursuant to article IV, section 1 of the Authority’s Bylaws.

MATERIALS DISTRIBUTED

1. Agenda for April 1, 2009 Meeting;
2. Summary Minutes of Authority Meeting of February 11, 2009;
3. Summary Minutes of Authority Meeting of March 4, 2009;
4. Report of the Executive Director;
5. Report of the Executive Director PowerPoint Presentation (distributed at the meeting);
6. Kalaeloa Status Report;
7. Navy Report;
8. Hawaii Public Housing Authority Report;
9. Ford Island Ventures Report;
10. Deferred Action: Transfer Funds to the Hawaii Public Housing Authority for the Purchase of Two Fifteen-Person Vans to be Used for Shuttling Homeless Shelter Residents in Kalaeloa to Public Transportation Stations in Kapolei; and Solicit Proposals, Enter into an Agreement, and Expend Kalaeloa Revolving Funds for the Partial Funding of Public Kalaeloa District-Wide Para-Transit Pay-As-You-Go Services with Connection to the Kapolei Transit Center;
11. Action: Expend Hawaii Community Development Revolving Funds to Hire a Consultant for the Design of the Fort Barrette/Enterprise Road Energy Corridor from Kapolei Parkway to Midway Road;
12. Action: Execute a Right of Entry with the University of Hawaii for Current and Wave Research Study;
13. Action: Expend Hawaii Community Development Revolving Funds for the Purchase of Land Parcel Identified as Tax Map Key 2-3-03, Lot 40, Kewalo Track, and Located on 1025 Waimanu Street;
14. Action: Expend Hawaii Community Development Revolving Funds and Retain a Consultant to Develop Form Based Rules for Kakaako Mauka;
15. Action: Hold a Contested Case Hearing in Accordance with Chapter 91, Hawaii Revised Statutes, on or about July 2009 (the Date Thereabouts to Be Fixed by the Executive Director) on Kamehameha Schools’ Application for Approval of its Kaiāulu ‘O Kaka‘ako Master Plan (distributed at the meeting).

Chairperson Lai stated there were not enough Members present to constitute quorum for Kalaeloa items, the Executive Session listed on the Agenda as Item III would be cancelled. Agenda items would be taken out of order and Kakaako action items taken first. Approval of

minutes, Executive Director's report and Kalaeloa items would be deferred until a quorum was present.

VII. ITEMS FOR ACTION - KAKAAKO

6. Shall the Authority Authorize the Executive Director to Execute a Right of Entry with the University of Hawaii for Current and Wave Research Study?

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

There were no questions offered by Members.

Member Dwight made a motion for the Authority to authorize the Executive Director to execute a Right of Entry with the University of Hawaii for current and wave research study. Member Bradley seconded the motion.

A roll call vote was conducted.

Ayes: Members Bradley, Chang, Dwight, Kimura, Lai, Mukaigawa, Piper and Saito.

Nays: None.

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

Member Enomoto entered the meeting at 9:06 a.m.

Chairperson Lai noted for the record that Member Enomoto was present. With quorum present, Chairperson Lai proceeded to approval of minutes.

II. APPROVAL OF MINUTES

1. Minutes of the Regular Meeting of February 11, 2009

Chairperson Lai asked whether there were any corrections to the minutes of February 11, 2009. There being none, the minutes were approved as presented.

2. Minutes of the Regular Meeting of March 4, 2009

Chairperson asked whether there were any corrections to the minutes of March 4, 2009. There being none, the minutes were approved as presented.

Mr. Jack Hamada from the audience asked why the minutes are not posted until after the Authority has approved it.

Executive Director Anthony Ching responded that if the Authority does not take action, the minutes are not technically approved. However, every attempt is made to post the minutes in a timely manner.

Mr. Hamada posed a question as to the life of the General Growth Properties Victoria Ward Neighborhood Master Plan Permit.

Mr. Ching responded that it was 15 years.

IV. REPORT OF THE EXECUTIVE DIRECTOR

Mr. Ching summarized his report via a PowerPoint presentation (Exhibit A).

Member Kimura asked when the Central Kakaako meeting would be held.

Mr. Ching responded that the meeting was tentatively scheduled for the second week of April.

Member Kimura inquired on behalf of Member Okada regarding whether the \$12,640,000 in the budget for Improvement District ("ID")-11 had already been spent.

Mr. Chong Gu, Administrative Services Officer, explained that the amount was an error and represented the unpaid balance of the contract.

Mr. Deepak Neupane, Director of Planning and Development for Kakaako, explained that ID-11 was cancelled, but the contractor had already been engaged.

Mr. Ching stated that \$43,110 was paid to close out the contract. A corrected report would be distributed at the next meeting.

V. ITEMS FOR INFORMATION

A. Kalaeloa Status Report

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

Member Souza asked about the timeline for completion of the Kalaeloa administrative rules draft.

Ms. Malama responded that the draft should be ready for review by the Kalaeloa Advisory Team by summer 2009.

Member Souza asked whether the U.S. Coast Guard memorial would be approved.

Ms. Malama responded that until the administrative rules are approved, staff could only refer to the Kalaeloa Master Plan and give concurrence to the Coast Guard's plans.

Member Souza asked whether the rules would apply to all stakeholders.

Ms. Malama commented that Member Kane had stated that the Hawaiian Home Lands Commission had adopted the Kalaeloa Master Plan.

Member Souza stated that Member Timson had received inquiries and concerns about the raceway park activities from people in the townhouse areas.

Mr. Ching stated that a policy statement would be issued by HCDA. Since the raceway was a temporary facility, a conditional use permit had been issued and the activity was being treated as conditional use to address health and safety issues. A presentation could be made by the HCDA to the area's Neighborhood Board.

Member Souza stated that on March 7, 2008, a list of complaints from 14 government agencies had been submitted to the Department of Hawaiian Home Lands ("DHHL") and was supposed to have been addressed at the September 2008 meeting.

Chairperson Lai stated that the sovereignty of DHHL had been discussed in Executive Session, and the discussions should not be vetted in public.

B. Navy Report

There no questions from Members regarding the written report in the packet distributed to Members.

C. Hawaii Public Housing Authority Report ("HPHA")

Mr. Adam Burson, HPHA Homeless Programs Specialist, summarized the written report in the packet distributed to Members.

Mr. Burson asked H5 staff who were present in the audience whether the closure of Kapiolani Park at night had affected the Next Step Shelter in Kakaako.

Mr. Utu Langi of H5 responded that there had not been a spike. The displaced persons had moved to other open areas of the park. The majority were single males, and that portion of Next Step Shelter was full.

Member Souza asked where the pavilion to be funded by Kamehameha Schools would be located.

Member Saito responded that the pavilion would be located on HPHA land on an empty field between the Onelau'ena and Onemalu shelters. Due to limited funding, it would be built as a pavilion. There would be 70 rooms for adults only would accommodate approximately 150-200 people. Shelter residents would have to pass a vetting process to get in; e.g., no violence and drugs.

Ms. Kathy Sokugawa asked whether the Governor's emergency proclamation was still in effect.

Member Saito responded that it ended on December 31, 2008.

D. Ford Island Ventures Report

Mr. Ching noted that Mr. Craig McGinnis from Ford Island Ventures was in the audience to answer questions.

There were no questions from Members on the written report in the packet distributed to Members.

VI. ITEMS FOR ACTION - KALAELOA

4. DEFERRED ACTION FROM FEBRUARY 2009 MEETING
Shall the Authority Authorize the Executive Director to Transfer Funds to the Hawaii Public Housing Authority for the Purchase of Two Fifteen-Passenger Vans to be Used for Shuttling Homeless Shelter Residents in Kalaeloa to Public Transportation Stations in Kapolei?

Shall the Authority Authorize the Executive Director to Solicit Proposals, Enter into an Agreement, and Expend Kalaeloa Revolving Funds for the Partial Funding of Public Kalaeloa District-Wide Para-Transit Pay-As-You-Go Services with Connection to the Kapolei Transit Center?

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

He stated that the proposal had evolved from its original form presented at the February 2009 meeting. HCDA could support the operation of services as partial funding to offset operating costs. With the expansion to district-wide

service, the use of funding would be appropriate, since Kalaeloa funds can only be used for district-wide services.

Member Piper expressed his appreciation to Mr. Ching, HCDA staff, Member Saito and the community partners for their efforts to develop an alternate proposal that addressed his previously stated concerns. He indicated this was a proposal he could support.

Member Souza also expressed her appreciation to H5 for their comprehensive report. She asked about their plans to get the word out to the community.

Ms. Jessica Nichols from H5 responded that they planned to go to Neighborhood Board meetings and post flyers in the Kalaeloa District.

A motion was made by Member Saito and seconded by Member Piper to authorize the Executive Director to solicit proposals, enter into an agreement, and expend Kalaeloa Revolving Funds for the partial funding of public Kalaeloa district-wide para-transit pay-as-you-go services with connection to the Kapolei Transit Center.

Member Enomoto asked whether the action resolution would be to solicit proposals or to enter into a sole source agreement.

Mr. Ching responded that proposals would be solicited.

A roll call vote was conducted.

Ayes: Members Bradley, Chang, Dwight, Enomoto, Kimura, Lai, Mukaigawa, Piper, Saito and Souza.

Nays: None.

The motion carried 10 to 0 with 8 excused (Members Chun, Kane, Kobayashi, Liu, Morioka, Okada, Tanoue and Timson).

5. Shall the Authority Authorize the Executive Director to Expend Hawaii Community Development Revolving Funds to Hire a Consultant for the Design of the Fort Barrette/Enterprise Road Energy Corridor from Kapolei Parkway to Midway Road?

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

There were no questions from Members.

A motion was made by Member Souza and seconded by Member Enomoto to authorize the Executive Director to expend Hawaii Community Development Revolving Funds to hire a consultant for the design of the Fort Barrette/Enterprise Road energy corridor from Kapolei Parkway to Midway Road.

A roll call vote was conducted.

Ayes: Members Bradley, Chang, Dwight, Enomoto, Kimura, Lai, Mukaigawa, Piper, Saito and Souza.

Nays: None.

The motion carried 10 to 0 with 8 excused (Members Chun, Kane, Kobayashi, Liu, Morioka, Okada, Tanoue and Timson).

Chairperson Lai announced that a short recess would be taken to allow the Kalaeloa Members to exit the meeting. He also stated that he would be recusing himself from the next action item and passing the chair's gavel to Member Kimura when the meeting reconvened.

A recess was taken at 10:21 a.m.

Members Enomoto, Lai and Souza exited the meeting at 10:21 a.m.

Vice-Chairperson Kimura called the meeting back to order at 10:28 a.m.

VII. ITEMS FOR ACTION – KAKAAKO - Continued

7. Shall the Authority Authorize the Executive Director to Expend Hawaii Community Development Revolving Funds for the Purchase of Land Parcel Identified as Tax Map Key 2-3-03, Lot 40, Kewalo Track, and Located on 1025 Waimanu Street?

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

Vice-Chairperson Kimura asked whether Members had any questions.

Member Bradley asked how the value of the property had been determined.

Mr. Neupane responded that it was based on negotiations with the developer.

Member Bradley expressed his concern that the value was on the high side, and Kakaako was a difficult place to value with huge swings in real estate values.

Member Dwight asked what was the City & County of Honolulu's ("City") assessment of the parcel.

Mr. Neupane responded that the City tax assessment was \$5.3 million.

Member Kimura asked whether the reserved housing requirement for the Moana Vista Project would be affected.

Mr. Ching stated that the reserved housing requirement for Moana Vista was the set aside of approximately 100 units as affordable rentals for 10 years.

Mr. Neupane added that Moana Vista still had a reserved housing requirement, but the project had stalled because of financing. The developer had inquired about cash in lieu, but that option would require action by the Authority. He felt it would be in the interests of HCDA to have the developer build the hundred units at Moana Vista and then find another developer to build additional affordable units on Lot 40.

Mr. Ching stated his hope that there would be a buyer for Moana Vista to restart the project so economic and construction activities would take place and the hundred units produced without cost to HCDA. The subcontractors were also hurting and could go out of business because the Moana Vista project had stopped. The primary impetus would be to get the project moving again, get the hundred rental units, and then develop an appropriate project on Lot 40 that would produce multiple uses including regional parking and additional affordable units.

Member Saito stated it was a consensus that acquisition of Lot 40 was a good idea and the only issue was price.

Vice-Chairperson Kimura cautioned that the Authority's counsel had advised that discussion on pricing should be taken in executive session so as not to prejudice the discussion.

Member Bradley made a motion to convene in Executive Session to deliberate concerning the authority of persons designated by the Authority to conduct negotiations involving the acquisition of property. Member Dwight seconded the motion.

Vice-Chairperson Kimura requested that Mr. Ching, Mr. Neupane, Mr. Won and Ms. Yoshino join the Executive Session.

EXECUTIVE SESSION

The Hawaii Community Development Authority convened in Executive Session at 10:51 a.m. pursuant to Section 92-5(a)(3), Hawaii Revised Statutes, to deliberate concerning the authority of persons designated by the Authority to conduct negotiations involving the acquisition of property.

A motion was made by Member Dwight and seconded by Member Chang to return to the regular meeting.

The regular meeting was reconvened at 11:14 a.m.

VII. ITEMS FOR ACTION – KAKAAKO - Continued

7. Shall the Authority Authorize the Executive Director to Expend Hawaii Community Development Revolving Funds for the Purchase of Land Parcel Identified as Tax Map Key 2-3-03, Lot 40, Kewalo Track, and Located on 1025 Waimanu Street?

Vice-Chairperson Kimura entertained a motion for the Authority to authorize the Executive Director to expend Hawaii Community Development Revolving Funds for the purchase of land parcel identified as Tax Map Key 2-3-03, Lot 40, Kewalo Track, and located on 1025 Waimanu Street.

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

Vice-Chairperson Kimura asked whether anyone in the audience wished to provide testimony on the agenda.

Mr. Jack Hamada asked whether the new project would have parking, since the original project for Moana Vista had parking requirements.

Mr. Ching responded that the developer's permit for Moana Vista had sufficient parking requirements. The action resolution would segregate Lot 40 from the original project and create a separate project.

A roll call vote was conducted.

Ayes: Members Bradley, Chang, Dwight, Kimura, Mukaigawa, Piper and Saito.

Nays: None.

The motion carried 7 to 0 with 6 excused (Members Chun, Kobayashi, Lai, Liu, Morioka, and Okada).

Chairperson Lai reentered the meeting at 11:20 a.m. Vice-Chairperson Kimura passed the Chair's gavel back to Chairperson Lai.

8. Shall the Authority Authorize the Executive Director to Expend Hawaii Community Development Revolving Funds and Retain a Consultant to Develop Form Based Rules for Kakaako Mauka?

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

Member Bradley asked whether this action would amend the Mauka Area Rules.

Mr. Neupane responded that it would update the existing rules and become the new rules.

Member Bradley asked whether the publication of the existing rules would be delayed.

Mr. Ching responded that he anticipated the updated Mauka Area Rules would be completed by the end of the year. The Supplemental Environmental Impact Statement would also need to be completed as the basis for amending the plan. Concurrently, the rules would be amended using the work product from the form based rules as the necessary narrative to be the text of the rules.

Member Kimura commented that there were no references regarding industrial use.

Mr. Ching responded that the statute currently required the preservation and enhancement of industrial uses, so it would be included when the rules are written.

Member Dwight stated that the proposal focused on the latest cutting edge, but he was concerned that it would have to go to the mainland. He inquired whether constituents seeking to put projects in would also have to go to the mainland in order to understand how the program worked.

Mr. Ching responded that the work product would produce the exact rules to administer to local people. The rules would describe the considerations, physical and otherwise, to be considered or incorporated into local projects.

Member Dwight stated that planners would not be as familiar with the new concept as they are with what we have now.

Mr. Ching responded that HCDA would provide them with technical expertise, support, and specific requirements with respect to the current context of the rules.

Member Dwight commented that it would be an educational process for staff as well.

Member Chang asked how much it would cost.

Mr. Ching responded that it would be about \$200,000.

Member Saito clarified that procedurally, it would not become the rules and would only be a recommendation. The Authority would have to adopt the new rules.

Member Saito inquired as to specifics on what the rules would govern.

Mr. Ching responded that the rules would cover zoning practice and land use. Building codes and plumbing codes would remain within the purview of the City.

A motion was made by Member Saito and seconded by Member Mukaigawa to authorize the Executive Director to expend Hawaii Community Development Revolving Funds and retain a consultant to develop Form Based Rules for Kakaako Mauka.

A roll call vote was conducted.

Ayes: Members Bradley, Chang, Dwight, Kimura, Lai, Mukaigawa, Piper and Saito.

Nays: None.

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

9. Shall the Authority Hold a Contested Case Hearing in Accordance with Chapter 91, Hawaii Revised Statutes, on or about July 2009 (the Date Thereabouts to Be Fixed by the Executive Director) on Kamehameha Schools' ("KS") Application for Approval of its Kaiāulu 'O Kaka'ako Master Plan?

9.1 If a Hearing Is to Be Held, Shall the Authority Adopt the Proposed Rules and Procedures in the Form Presented to the Members for the Conduct of the Hearing?

9.2 If a Hearing Is to Be Held, Shall the Authority Appoint a Hearing Officer to Conduct the Hearing on the Authority's Behalf? If a Hearing Officer Is to Be Appointed, Shall the Authority Authorize the Executive Director to Retain the Services of a Hearing Officer?

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

Member Bradley inquired whether public comments received would become part of the record.

Mr. Ching responded in the affirmative, but explained that the process would be slightly different from what occurred for General Growth Properties' ("GGP") master plan application. For GGP, a public hearing, with notice provided, was convened for the limited purpose of the Authority receiving testimony from the public. For KS, open houses would be conducted by staff, not the Authority, to solicit comments regarding the permit application. Comments would be compiled into a staff report and presented to the Authority as part of the record. At the final action meeting where the Authority would receive the report of the hearing officer, the public would again have the opportunity to give testimony. In that situation, opportunities would have to be provided for the parties to dispute and question the witnesses to verify their credibility. He stated it was his belief that the process and calendar distributed to Members were consistent with legal requirements and would protect due process of individuals.

Member Bradley commented that it was a positive step to place standing of public comment as part of the evidence.

Member Kimura asked for confirmation whether there would be a public hearing where the Authority would hear testimony.

Mr. Ching reiterated that as part of the public comment process, staff would be soliciting public input and would report back to the Authority.

Chairperson Lai entertained a motion for the Authority to hold a contested case hearing in accordance with Chapter 91, Hawaii Revised Statutes, on or about July 2009 (the date thereabouts to be fixed by the Executive Director) on Kamehameha Schools' application for approval of its Kaiāulu 'O Kaka'ako Master Plan. A motion was made by Member Saito and seconded by Member Piper.

A roll call vote was conducted.

Ayes: Members Bradley, Chang, Dwight, Kimura, Lai, Mukaigawa, Piper and Saito.

Nays: None.

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

Chairperson Lai entertained a motion for the Authority to adopt the proposed rules and procedures in the form presented to the members for the conduct of the hearing.

A motion was made by Member Piper and seconded by Member Kimura

A roll call vote was conducted.

Ayes: Members Bradley, Chang, Dwight, Kimura, Lai, Mukaigawa, Piper and Saito.

Nays: None.

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

Chairperson Lai entertained a motion for the Authority to appoint a hearing officer to conduct the hearing on the Authority's behalf and to authorize the Executive Director to retain the services of a hearing officer.

A motion was made by member Piper and seconded by Member Mukaigawa.

A roll call vote was conducted.

Ayes: Members Bradley, Chang, Dwight, Kimura, Lai, Mukaigawa, Piper and Saito.

Nays: None.

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

VIII. ADJOURNMENT

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

The meeting adjourned at 11:47 a.m.

Respectfully submitted,

/s/

C. Scott Bradley
Secretary

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