

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

MEETING NO. 357
Wednesday, November 3, 2010

Members Present: Barbara Annis
C. Scott Bradley
Joseph Dwight, IV
Francis Keeno
Paul Kimura
Dexter Okada
William Pieper, II

Kalaeloa Members: Stanton Enomoto (9:12 a.m.)
Evelyn Souza
David Tanoue (9:10 a.m.)

Members Absent: Grady Chun
Christopher Kobayashi
Jonathan Lai
Theodore Liu
Kay Mukaigawa
Kaulana Park
Russ Saito

Others Present: Anthony Ching, Executive Director
Lori Tanigawa, Deputy Attorney General
John Wong, Deputy Attorney General
Richard Kuitunen, Asset Manager
Tessa Malama, Kalaeloa Director of Planning and Development
Deepak Neupane, Director of Planning and Development for Kakaako
Chris Sadayasu, Compliance Assurance and Community Outreach
Officer
Loretta Ho, Secretary
Patricia Yoshino, Secretary
Holly Hackett, Court Reporter

I. ROLL CALL

A regular meeting of the Members of the Hawaii Community Development Authority (“Authority”), a body corporate and public instrumentality of the State of Hawaii, was called to order by Mr. C. Scott Bradley, Chairperson of the Authority, at 9:06 a.m. on

Wednesday, November 3, 2010, at the Authority's principal executive offices at 461 Cooke Street, Honolulu, Hawaii 96813, pursuant to Article IV, Section 1 of the Authority's Bylaws.

MATERIALS DISTRIBUTED

1. Report of the Executive Director;
2. Report of the Executive Director PowerPoint Presentation (distributed at the meeting);
3. Summary Minutes of Authority Meeting of October 6, 2010;
4. Information: Kalaelo Status Report;
5. Information: Kalaelo Federal Bureau of Investigation Complex;
6. Information: Kakaako Makai Master Plan Update PowerPoint Presentation (distributed at the meeting);
7. Shall the Authority Authorize the Executive Director to Expend Hawaii Community Development Revolving Funds for the Design and Construction of the Reconnection of a Portion of the Department of the Army Joint Trunk System;
8. Shall the Authority Authorize the Executive Director to Execute a Lease Between the Hawaii Community Development Authority and Goodfellow Bros., Inc. for Construction Yard and Field Offices at the Former Cannery Site;
9. Shall the Authority Authorize the Executive Director to Execute an Agreement for Trash Collection Services at the following locations: (A) Kakaako Waterfront, Makai Gateway, Kewalo Basin Parks and Kewalo Basin Harbor and (B) Kolowalu Park (distributed at the meeting);
10. Shall the Authority Authorize the Executive Director to Execute an Agreement for Grounds Maintenance Services at the following locations: (A) Kakaako Waterfront, Makai Gateway, Kewalo Basin Parks and (B) Kolowalu Park (distributed at the meeting).

Chairperson Bradley noted for the record that Member Maeda Timson was first appointed to the Authority on August 26, 2002 and had served the maximum 8-year time limit and would not be participating in future meetings. He acknowledged her dedication and service to the Authority and the State of Hawaii.

II. APPROVAL OF MINUTES

1. Minutes of the Regular Meeting of October 6, 2010

Approval of the minutes was deferred to a later time when quorum would be present.

III. REPORT OF THE EXECUTIVE DIRECTOR

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

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

Member Souza inquired about the alignment of the 46 KV pole line from the Kualakai Extension/Roosevelt area to Tripoli and whether it would run near the stables area.

Mr. Ching pointed out the area on a large map of Kalaeloa. He explained that a pole line has more flexibility than an underground line. The line would run near the stables area as well as the existing revetments on the Department of Hawaiian Home Lands (“DHHL”) property. The project would have to be planned to minimize impacts. A Coral Sea alignment to connect to the U. S. Coast Guard is not being pursued because the Hawaiian Electric Co. (“HECO”) requires 46 KV capacity to accommodate any power generated by a photo voltaic (“PV”) source. While there is an existing 12 KV connection being pursued by Carmel Properties on Coral Sea by Roosevelt, given the proximity to the airport, this line would have to go underground and the cost would be much greater than the \$3 million estimated for a pole line and it does not feature the requisite 46 KV capacity.

Member Souza commented that the alignment that was being proposed will traverse areas that are uninhabited right now; however, she wondered whether any study had been done on the electromagnetic rays (“EMR”) emitted and its possible hazardous effect on humans.

Mr. Ching responded that the development of high voltage lines such as a 46 KV transmission line requires review by the Public Utilities Commission and it was possible that some EMR are associated with it. The preferred route is to bury the lines underground, which introduces much greater cost. Given that this particular area is not designated for residential development it appears appropriate that a 46 KV transmission line is developed along this alignment.

Member Okada asked how the PV farms would feed back to the grid.

Mr. Ching replied that the same power line would be used. The PV farms would connect to the grid via the proposed 46 KV pole line.

II. APPROVAL OF MINUTES (continued)

1. Minutes of the Regular Meeting of October 6, 2010

Chairperson Bradley noted for the record that Member Enomoto and Member Tanoue were present. Having achieving quorum, action on the minutes could be taken.

Chairperson Bradley asked whether there were any corrections to the minutes of the October 6, 2010 meeting. There being none, the minutes were approved as presented.

IV. KALAELOA INFORMATION ITEMS

A. Kalaeloa Status Report

Ms. Tesha Malama, Kalaeloa Director of Planning and Development, summarized the written report in the packet distributed to Members. She noted that updated tenants' lists from Hunt/Ford Island Ventures ("Hunt") and the DHHL were attached to the report.

Ms. Malama also noted that the final draft of the Kalaeloa infrastructure master plan was received, and the next step would be to send it out to appropriate agencies for formal feedback. As infrastructure is one of the highest priorities for the district, the master plan had been long awaited by all governmental agencies. She thanked Hunt and Belt Collins for their collaboration and help in completing the master plan.

Ms. Malama reported that she conducted a site visit for Kuenhle Agrosystems who is interested in building an algae farm on a 10 acre parcel previously rejected by the Board of Water Supply. There are some access and infrastructure issues with the parcel that are being worked on, but interested parties are looking at the possibilities for development.

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

Member Souza asked whether anything could be done to stop illegal dumping. She suggested that barricades would prevent dumping.

Ms. Malama stated that some barriers were erected in the past year to prevent driving down side roads. The U.S. Navy ("Navy") security and Honolulu Police Department have patrols; however the Kalaeloa District is vast and dark. A request had previously been made to the Department of Transportation ("DOT") for any surplus barricades.

Mr. Ching added that he had sent a formal request to DOT Interim Director Michael Formby for surplus triton barriers for use in Kalaeloa and Kakaako.

Member Okada asked whether there would be any costs associated with the conveyed lands.

Ms. Malama replied that the Heritage Park section would need gates and fencing, but those costs have not yet been determined.

B. Kalaeloa Federal Bureau of Investigation Complex Presentation

Chairperson Bradley introduced Mr. Chris Penrose, president of the Penrose Corporation, from the Penrose/Walsh team who recently were selected by the Federal government to develop the new Federal Bureau of Investigation ("FBI") facility in Kalaeloa.

Mr. Penrose explained that the project is a joint venture between the Penrose Corporation, headquartered in San Diego and the Walsh Group, headquartered in

Chicago. He introduced the members of his team from the Walsh Group, Architects Hawaii, FBI and the General Services Administration (“GSA”). He stated that the Kalaehoa project would be his eighth FBI field office that he has built. He is very familiar with coming into municipalities and working as a partner with the local authorities who issue permits and oversee zoning. The FBI building would be on a 10-acre parcel located on the corner of Enterprise Road and Roosevelt Avenue. There would be 3 components to the building: (1) office, (2) ancillary building, and (3) secured parking garage. The building would be a 4-story, 155,000 gross square feet office building, including 21,000 square feet for the annex. Approximately 150-200 people will be housed in the building. The parking structure will be a single story with 139 stalls.

Mr. David Bylund, lead architect from Architects Hawaii, stated that the design goal was to create an attractive building that feels welcoming and fulfills the functional and security requirements of the FBI. Landscape is being designed to use as little water as possible.

Mr. Ching noted that the building is a \$50+ million project and the developer is planning to break ground in January 2011 with an aggressive timetable set by the GSA to open on August 10, 2012. The project is located in an area identified in the draft zoning map as Transect Zone 5 (“T-5”). It is the most intensive urban zone, and therefore the proposed height and density associated with the project conforms to the proposed zoning for the parcel.

Mr. Ching stated that the HCDA will work closely with the City Department of Planning and Permitting (“DPP”) to ensure from the zoning and building standpoint, that project design and entitlements are completed on a timely basis so the project can move forward. The GSA was strident in their representation that the project needs to be completed by the August 2012 deadline.

Chairperson Bradley asked whether Members had any questions.

Member Souza stated that she has lived in the area for almost 40 years and welcomed the project as a breath of fresh air for the community.

Member Tanoue noted that the lease for the parcel was 20 years and asked who owned the underlying fee title.

Mr. Penrose responded that as it exists right now, the Hunt group had an option with the Navy and the GSA optioned the land through Hunt. About 2 weeks ago, the option was signed over to Penrose/Walsh. They still do not own the land because the Navy has to transfer the fee title to the Hunt Group. He anticipated that would happen in December 2010, and they in turn will give the fee to Penrose/Walsh who will close on the building and at that point in time, will own it in fee.

Member Tanoue asked what would happen to the building after the 20 years.

Mr. Penrose responded that the FBI will stay in it. He explained that all of the FBI buildings have the capability to expand 25%. He has owned some of the building for 15 years with the FBI in them and also manages all the buildings. His philosophy is that if you do a great job managing, they will stay, and that has been true in all of his buildings. It is a 100% federally occupied building which will be on a fee simple piece of land privately owned and managed by Penrose/Walsh.

Member Tanoue stated that one of the issues for the DPP is that this is a transition period because the HCDA has not yet implemented its zoning rules. Technically, it is still under City jurisdiction as far as zoning. While it does meet the anticipated T-5 zoning in the future, at this point, it does not meet the City's zoning. The issue to be resolved is whether or not HCDA can take jurisdiction from the City so it would be in compliance with the coming zoning, and the City can allow the project to move forward.

Mr. Penrose emphasized that they are here to work and partner with the agencies. He wanted to know what was needed and they would make themselves available since the schedule is very important.

Member Tanoue stated the schedule is very aggressive schedule and DPP wants to cooperate so the project can move forward.

Member Okada commented that the building will consume a lot of energy and asked whether the planning included things such as PV panels.

Mr. Bylund replied that the building would be at least Leadership in Energy and Environmental Design ("LEED") silver, which has built in a 14-30% savings over a baseline building. It was designed to make it as energy efficient as possible. The roof of the secure parking is designed to receive PV panels in the future, but is not part of the initial schedule.

Member Okada asked Mr. Ching whether the FBI site was in the area that has problems with power.

Mr. Ching replied that the Enterprise Road project would alleviate much of the problems and was on schedule to provide service to that parcel sometime near the opening of the building. In the interim, Navy Facilities has committed to deliver power through an adjacent substation which also receives HECO power.

Mr. Gerald Melanson, GSA project manager in Hawaii, stated there would be discussions with their mainland office on PV.

Mr. Penrose added that he had 3 meetings with 3 solar contractors in Hawaii during the bidding process. They tried but were not able to include it in the initial cost of the building, and would consider it in the future if funding becomes available.

There were no further questions from the Authority.

A recess was taken at 9:48 a.m. to allow the Kalaeloa Members to exit the meeting.

The meeting was reconvened at 9:51 a.m.

V. **KAKAAKO INFORMATION ITEM**

C. **Kakaako Makai Planning Process**

Mr. Ching provided his report via a PowerPoint presentation (see Exhibit B). After completion of their due diligence and collaboration with the community and stakeholders, the master plan would be ready to present to the Authority in January 2011.

Public Testimony:

Mr. Wayne Takamine, acting chair of the Kakaako Community Planning Advisory Council (“CPAC”), stated that while the statute 206E-34, mentions a cultural public market, in some of their discussions, they are looking at more of a cultural exchange area, not only retail, but education, culture and information. They are in conversation with the Museum of Hawaiian Music and Dance committee, who is looking at 40,000 square feet on a 5-acre parcel and would include retail shops in addition to performance venues. The CPAC had a hard time separating Museum of Hawaiian Music and Dance from the performing arts center which would be across the street from each other, but it is just conceptual and could change. Stakeholders, such as farmer’s market people, are excited to move forward. Point Panic stakeholders are happy that parking is being kept which is essential to continue access to the oceanfront for recreation and people who surf across the channel. There are still concerns about overcrowding and overuse.

The CPAC would like to draw a critical mass of people into the area for public uses and keep them there for the other exhibitions. There is a good synergy with the farmer’s market, fish market, Hawaii Children’s Discovery Center (“HCDC”), surf exhibition, and Kewalo Keiki Fishing Conservancy (“KKFC”). If the Pacific Basin Research Center is moved more mauka, then it could be expanded into the educational side. The CPAC likes the idea of a community center to provide people in the area with a gathering place. He mentioned the Obama Presidential Library as a preliminary concept with some concerns being expressed by the public about its possible location in the Makai Area.

Member Kimura asked for the number and location of parking spaces that would be available in the Makai area.

Mr. Ching replied that approximately 1,800-2,000 parking stalls would be needed, including the needs for the University of Hawaii's ("UH") John A. Burns School of Medicine and the Cancer Center. He pointed out the various parking locations on a large map of Kakaako.

Member Kimura suggested having a central parking area with park space around it to make it more accessible with shorter walking distances.

Mr. Deepak Neupane, director of planning and development for Kakaako, stated that comments received from the community and the CPAC indicated a desire for parking in the peripheral areas.

Member Dwight stated open spaces are a great idea, but from a functional standpoint, there is a struggle when people have to hike long distances from a parking lot to get to where they want to go. That has been a problem at Kapiolani Park and perhaps we could learn from that experience.

Member Dwight asked what would happen to parking that existed now on the Kewalo Basin side and whether it would shrink, expand or remain the same in size.

Mr. Ching responded that parking would be maintained on the Diamond Head side.

Member Dwight asked whether the existing number of stalls would be maintained for Point Panic.

Mr. Ching responded that the plan was to get more parking, but at minimum, the current number of stalls would be maintained. The UH has indicated that it is ready to put in its share of money for parking facilities. The general principle is to maintain what exists and enhance it, and also be sensitive to convenience.

Member Kimura commented that synergy is a great idea and suggested coordinating the HCDC, the KKFC and the cultural arts into a single youth oriented tourist destination.

Member Okada remarked that at the first workshop, someone stated that Point Panic parking is convenient for a disabled person to drive up and enjoy the view. Any place else would be difficult because you would have to get out of the car and hike to a viewpoint. He recommended that the leadership at the Legislature be briefed so they know there is a plan and do not piecemeal out the area.

Mr. Ching responded that once the plan is adopted, it would be communicated to the Legislature as best as possible.

Member Okada acknowledged that it took a lot of time to get to this point, and thanked the members of the CPAC and the community for dedicating their time to the

Makai planning process. He also thanked Mr. Ching for picking up the ball after the second workshop to get the process moving in the right direction.

Chairperson Bradley stated that a comment was made that the Point Panic parking was used by the surfers on the other side. He asked if anything can be done to get more parking for them because the feedback is that the lot is constantly full. As a safety issue, he was not comfortable having the surfers paddle across the commercial harbor entrance as opposed to being able to park on the side where the surfing occurs.

Mr. Ching stated that the harbor master discourages channel crossing by surfers and is trying to enforce the ban.

Member Dwight commented that it is was easier and quicker for the surfers to cross the channel.

Mr. Ching stated that the Friends of Kewalo Basin Park have sent reminders that the parking should be maintained. He understands the need to maintain parking on both sides.

Public Testimony:

Mr. Wayne Takamine asked about activity at the Look Lab and algae research in Kakaako makai.

Mr. Ching responded that there is month-to-month activity at the Look Lab, but the longer term plans are to design the utilities and then see what interim activities might be appropriate in that area. Kuehnle Agrosystems expressed interest in the open lot in front of the CFS3 building and the wastewater lot adjacent to Look Lab for a start up business using microalgae as a biofuel. He suggested to them that an alternative option might be in Kalaeloa.

VI. KAKAAKO ACTION ITEMS

2. Shall the Authority Authorize the Executive Director to Expend Hawaii Community Development Revolving Funds for the Design and Construction of the Reconnection of a Portion of the Department of the Army Joint Trunk System?

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

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

Chairperson Bradley entertained a motion for the Authority to authorize the Executive Director to expend Hawaii Community Development Revolving Funds for the design and construction of the reconnection of a portion of the Department of the Army Joint Trunk System.

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

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

A roll call vote was conducted.

Ayes: Members Annis, Bradley, Dwight, Keeno, Kimura, Okada and Pieper.

Nays: None.

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

3. Shall the Authority Authorize the Executive Director to Execute a Lease Between the Hawaii Community Development Authority and Goodfellow Bros., Inc. for Construction Yard and Field Offices at the Former Cannery Site?

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

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

Member Okada asked whether the lease stipulated that the area must be returned to its original condition, especially since the contractor will have heavy equipment that might wear down the road area.

Mr. Ching responded that the contractor is typically obliged to restore the lot, but our lease does not address restoring the City roadway as a requirement. We will be monitoring the activities on the streets impacted by the activity and would pursue any necessary action with them.

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

Public Testimony:

Mr. Takamine asked whether Goodfellow was doing any work in Kakaako.

Mr. Ching replied that they are doing roadway improvements along Ala Moana Boulevard and no development work within the Makai area. The Cannery lot was only being used as a baseyard.

Chairperson Bradley entertained a motion for the Authority to authorize the Executive Director to execute a lease between the Hawaii Community Development Authority and Goodfellow Bros., Inc. for construction yard and field offices at the former Cannery site.

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

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

A roll call vote was conducted.

Ayes: Members Annis, Bradley, Dwight, Keeno, Kimura, Okada and Pieper.

Nays: None.

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

4. Shall the Authority Authorize the Executive Director to Execute an Agreement for Trash Collection Services at the following locations: (A) Kakaako Waterfront, Makai Gateway, Kewalo Basin Parks and Kewalo Basin Harbor and (B) Kolowalu Park?; and
5. Shall the Authority Authorize the Executive Director to Execute an Agreement for Grounds Maintenance Services at the following locations: (A) Kakaako Waterfront, Makai Gateway, Kewalo Basin Parks and (B) Kolowalu Park?

Mr. Ching stated that he would present the staff reports for the next two action items involving the Kakaako Waterfront, Makai Gateway, Kewalo Basin Parks, Kewalo Basin Harbor, and Kolowalu Park (“Parks”). The contracts for the Parks were separated into 2 areas - trash and landscaping. He summarized the written reports in the packets distributed to Members.

Chairperson Bradley clarified that Mr. Ching had presented a report covering Action Items 4 and 5. They were essentially the same except separate contracts, one for maintenance and one for trash pickup. He would entertain questions on both items and would try to combine them into one motion.

Member Dwight noted that H-5 is involved in helping the homeless and does shelter work. He asked what kind of experience they had with trash collection.

Mr. Ching responded that H-5 has been actively involved as a contractor to the State for homeless programs and operated the Next Step Shelter and Kalaeloa shuttle. For the purpose of the solicitation, H-5 had general work experience and appeared to be a compliant bidder. They would be treated as any other bidder.

Member Dwight asked whether H-5 was bidding for the project as a for-profit or nonprofit entity.

Mr. Ching replied that the H-5 was a nonprofit entity. When the previous contractor went bankrupt, the HCDA secured authorization from the State Procurement Office to

enter into a 90-day contract with H-5 because they were ready, willing and able to do trash pickup in the Parks. Their work has been monitored during the last 90 days and they have been very motivated and efficient in what they are doing.

Member Dwight asked whether H-5 was using the Next Step Shelter residents as employees by seeking to do a transitional program with some of the homeless and bringing them on board as employees of their company.

Mr. Ching replied that it was his understanding that they utilize residents as employees. It was part of their effort to provide work training for the residents who are encouraged to set aside some of their pay towards a security deposit so they can eventually go out of homelessness. The residents are able to build a work history be responsible in filling out these tasks.

Member Dwight stated that it was a great program but added a note of caution that it could be a situation that would be ripe for abuse.

Mr. Ching stated he had assurances that H-5 was paying the employees fair wages, maintaining insurance and paying unemployment insurance taxes. These were qualifications that the HCDA is obliged to check as part of the bid process.

Member Dwight asked Counsel John Wong whether there was any issue with a nonprofit bidding to perform work for profit.

Mr. Wong responded that as long as they had tax clearance, there was no issue between a nonprofit and a for-profit.

Member Annis stated that for a nonprofit, it would be considered unrelated income which would have to be weighed against the nonprofit purpose of their organization.

Mr. Wong further noted that it would be for the H-5 accountant to reconcile.

Mr. Ching stated that H-5 was working with the Department of Human Services to expand the scope of their work as a contractor to include worker training. Apart from that, the HCDA must treat them like any other provider who is compliant and is the low bidder through the procurement process. The social benefits are extra. He would heed the note of caution and monitor the situation.

Member Okada asked who was responsible to pick up trash beyond the 10-foot radius.

Mr. Ching replied that there are over 100 trash cans in the Parks and if this particular provider is awarded the contract, their previous work pattern has been to be attentive to other areas in the park. While it would not be a catchall for trash on a 24 by 7 basis, the services are consistent with what was received from the previous contractor and the Department of Land and Natural Resources (“DLNR”).

Member Kimura stated that he had no objection to H-5 as a contractor, but would recommend a probation period to monitor performance.

Mr. Ching responded that there is a 30-day period during which a contractor can be removed for cause. A contractor would receive a Notice to Proceed, and if they do not perform, then they would be removed.

Member Okada asked who had jurisdiction over Mother Waldron Park. He has noticed that the grass has not been cut.

Mr. Ching replied that it was split between the HCDA, the DLNR and the City. The City currently maintained the park, and after improvements are made, the HCDA would want the entire park conveyed to the City.

There were no comments offered by the public on the consolidated agenda items.

Chairperson Bradley entertained a motion for the Authority to authorize the Executive Director to execute the two separate agreements for trash collection services and grounds maintenance services at Kakaako Waterfront, Makai Gateway, Kewalo Basin Parks, Kewalo Basin Harbor and Kolowalu Park.

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

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

A roll call vote was conducted.

Ayes: Members Annis, Bradley, Dwight, Keeno, Kimura, Okada and Pieper.

Nays: None.

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

IX. ADJOURNMENT

There being no further business, a motion was made by Member Pieper and seconded by Member Dwight to adjourn the meeting. The motion carried 7 to 0 with 6 excused (Members Chun, Kobayashi, Lai, Liu, Mukaigawa, and Saito).

The meeting adjourned at 10:53 a.m.

Respectfully submitted,

/s/

C. Scott Bradley
Chairperson

Attachment: Exhibit A - Report of the Executive Director
Exhibit B - Makai Area Master Plan

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