

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

MEETING NO. 353
Wednesday, May 5, 2010

Members Present: C. Scott Bradley
Paul Kimura
Christopher Kobayashi
Jonathan Lai (9:31 a.m.)
Theodore Liu
Kay Mukaigawa
Dexter Okada
Russ Saito

Kalaeloa Members: Linda Chinn
Stanton Enomoto
David Tanoue

Members Absent: Amanda Chang
Grady Chun
Joseph Dwight, IV
Georgina Kawamura
Brennon Morioka
Evelyn Souza
Maeda Timson

Others Present: Anthony Ching, Executive Director
John Wong, Deputy Attorney General
Pearlyn Fukuba, Program Specialist
Richard Kuitunen, Asset Manager
Deepak Neupane, Director of Planning and Development for Kakaako
Loretta Ho, Secretary
Patricia Yoshino, 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 Mr. C. Scott Bradley, Chairperson of the Authority, at 9:15 a.m. on Wednesday, May 5, 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 March 3, 2010 (deferred from April 7, 2010 Meeting);
4. Summary Minutes of Authority Meeting of April 7, 2010;
5. Information: Kalaeloa Status Report;
6. Action: Shall the Authority Authorize the Executive Director to Initiate the Rule Making Process for the Establishment of the Kalaeloa Community Development District Administrative Rules and to Conduct a Public Hearing;
7. Action: Shall the Authority Approve “Kolowalu” as the New Name of the Queen Street Parks;
8. Action: Shall the Authority Rescind its Earlier Authorization for a Different Site and Authorize the Executive Director to Execute a Lease Agreement with the State of Hawaii - Department of Public Safety for the Keawe Street Lot;
9. Action: Shall the Authority Authorize the Executive Director to Abate the Base Rent from Volunteer Legal Services of Hawaii for a One Year Period at the Honuakaha Condominium Project;
10. Action: Shall the Authority Authorize the Executive Director to Accept the Terms and Conditions and Determine Resale Fair Market Value for Future Unit Sales at the Keola Lai Condominium Project;
11. Action: Shall the Authority Approve the Expenditure of \$39,241.06 from its Hawaii Community Development Revolving Fund for Emergency Roof Repairs at the CFS3 Building and Additional Funds for Non-Emergency Roof Repair Costs;
12. Action: Shall the Authority Instruct the Executive Director to Consent to the Extension of the Sublease Between Ocean Investments, LLC and Basin Project, Inc. and Related Watabe Agreement for the John Dominis Restaurant Site.

Chairperson Bradley stated that approval of minutes would be deferred to a later time when appropriate quorum was present to take action.

III. REPORT OF THE EXECUTIVE DIRECTOR

Executive Director Anthony Ching provided his report via a PowerPoint presentation (see Exhibit A). He also presented a live internet demonstration of the Limehouse public consultation portal which is being used for the Kakaako Makai Master Planning project.

Public Testimony:

Ms. Amy Anderson, vice chair of the Kakaako Makai Community Planning Advisory Council (“CPAC”) and chair of its planning committee provided an update on CPAC’s general meetings, steering committee meetings and project team meetings. Most of CPAC’s time has been spent with interim projects,

and things that could begin almost immediately to give identity to the Kakaako Makai area, and set the course of what the master plan might be. The CPAC has had collaborative committee discussions with entities that are already in the midst of development to see if what they are developing can align with CPAC's Vision and Guiding Principles. Their committees have been in discussion with the Ocean Investments/John Dominis project, the Cancer Research Center of Hawaii, and with HCDA staff on the Piano Lot. Ms. Anderson offered a general comment that through the efforts of a lot of people on all sides, there has been increased communication and a favorable atmosphere developing.

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

Member Kimura asked about the problem with prohibited structures on Queen Street and what would be the procedure to condemn and take ownership of the property.

Mr. Ching responded that condemnation of the property would be recommended since the chain of title is sufficiently unclear. From a pragmatic standpoint, since that section of Queen Street is the future location of the rail line, it should be a City and County of Honolulu ("City") street rather than a State street. The HCDA has already acquired a roadway parcel at the end of Queen Street to make improvements to the Queen/Kamakee intersection. The project has been done in conjunction with the City to meet their standards so that the finished project can be conveyed to the City. While the HCDA could participate in an Improvement District project, we would have difficulty enforcing parking regulations. The process is simple and straightforward with respect to the issue of condemnation.

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

Public Testimony:

Ms. Michelle Matson, secretary of the CPAC, added to Ms. Anderson's report that they have had a productive and positive experience with the consultants on the Kakaako Makai Master Planning project. They have communicated openly and thoroughly with participants and the community, structured extra meetings, focus group meetings, and brought people of like mind together on compatible subject matter. These have been the best meetings they have had at the CPAC. She hoped the final product will be something everyone can be proud of.

Chairperson Bradley stated that appropriate quorum was now present to take up approval of the minutes.

II. APPROVAL OF MINUTES

1. DEFERRED FROM APRIL 7, 2010 MEETING
Minutes of the Regular Meeting of March 3, 2010

Chairperson Bradley asked whether there were any corrections to the minutes of March 3, 2010. There being none, the minutes were approved as presented.

2. Minutes of the Regular Meeting of April 7, 2010

Chairperson Bradley asked whether there were any corrections to the minutes of April 7, 2010. There being none, the minutes were approved as presented.

IV. ITEMS FOR INFORMATION - KALAELOA

- A. Kalaeloa Status Report

Ms. Pearlyn Fukuba, Kalaeloa Program Specialist, summarized the written report in the packet distributed to Members.

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

V. ITEMS FOR ACTION

3. Shall the Authority Authorize the Executive Director to Initiate the Rule Making Process for the Establishment of the Kalaeloa Community Development District Administrative Rules and to Conduct a Public Hearing?

Chairperson Bradley stated that, as previously explained by Mr. Ching in his Executive Director's report, the Authority had received advice from the Attorney General regarding the structure and composition of the Kalaeloa Administrative Rules. Given the timing of the advice and also that briefings with State and County agencies and the infrastructure master plan had not yet been completed, the agenda item would be deferred to the next meeting.

A recess was taken at 9:57 a.m.

Members Chinn, Enomoto and Tanoue exited the meeting at 9:57 a.m.

The meeting was reconvened at 10:03 a.m.

4. Shall the Authority Approve "Kolowalu" as the New Name of the Queen Street Parks?

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

stated that the action resolution to approve “Kolowalu” should be conditional subject to approval of the name application that will be submitted to the Hawaii Board on Geographic Names.

Member Okada asked whether the cultural or lineal descendants had been consulted on the choice of name.

Mr. Ching responded that the family’s representative had been consulted, and they did not object to the proposed name nor wish to highlight the location of the burial vault in the park.

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

Chairperson Bradley entertained a motion for the Authority to approve “Kolowalu” as the new name of the Queen Street Parks with the condition that the name is approved by the Hawaii Board on Geographic Names.

Such a motion was made by Member Kimura and seconded by Member Mukaigawa.

A roll call vote was conducted.

Ayes: Members Bradley, Kimura, Kobayashi, Lai, Liu, Mukaigawa, Okada and Saito.

Nays: None.

The motion passed 8 to 0 with 5 excused (Members Chang, Chun, Dwight, Kawamura, and Morioka).

5. Shall the Authority Rescind its Earlier Authorization for a Different Site and Authorize the Executive Director to Execute a Lease Agreement with the State of Hawaii - Department of Public Safety for the Keawe Street Lot?

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

Member Saito asked what makes the Keawe Street Lot cheaper than the previous site as far as CIP appropriations.

Mr. Ching responded that the original plan to renovate the Look Lab would have exceeded the \$1.2 million that was appropriated. For the Keawe Street Lot, modular buildings would be planted and connected to utilities.

Member Saito asked whether it had anything to do with the infrastructure.

Mr. Ching responded that some infrastructure cost was associated. For example, it would have cost at least \$50,000 to relocate the electrical panels at the Look Lab. However, at the Keawe Street Lot, the electrical panels are built into the modular units and the project would only entail making an overhead line connection. Only a short run would be needed to connect to existing sewer facilities and water lines on Keawe Street.

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

Chairperson Bradley entertained a motion for the Authority to rescind its earlier authorization for a different site and authorize the Executive Director to execute a lease agreement with the State of Hawaii - Department of Public Safety for the Keawe Street Lot.

That motion was made by Member Lai and seconded by Member Okada.

A roll call vote was conducted.

Ayes: Members Bradley, Kimura, Kobayashi, Lai, Liu, Mukaigawa, Okada and Saito.

Nays: None.

The motion passed 8 to 0 with 5 excused (Members Chang, Chun, Dwight, Kawamura, and Morioka).

6. Shall the Authority Authorize the Executive Director to Abate the Base Rent from Volunteer Legal Services of Hawaii (“VLSH”) for a One Year Period at the Honuakaha Condominium Project?

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

Member Mukaigawa asked how large the space was and how many people worked there.

Mr. Ching responded that the space was 1,338 square feet. The agency has been downsized from a state wide organization, and now maintains only one office.

Member Kimura asked who were the clientele of the VLSH and whether the services are worth the abatement that would be given.

Mr. Ching responded that free legal services are provided to low income people and he felt it was a worthy organization.

Member Okada asked if there were other organizations that may also ask for abatement of rents.

Mr. Ching responded that the HCDA's other tenants are different and are more commercial types of warehouse or area uses. As to whether other tenants will ask, it would depend on the circumstances. The other tenants need the space for their particular use and could not operate without the space. If the rent was too high, they would look for space elsewhere.

Member Lai asked if the VLSH had received any legislative funding this past year.

Public Testimony:

Ms. Moya Gray, executive director of the VLSH, responded that SB2469 had passed and had been transmitted to the Governor. However, the funding is drawn against the emergency reserve fund, and she did not know whether there will be a veto, override of the bill, or if the Governor will actually release the money. The letter in the packet distributed to Members indicates what has been received from the State, what has been appropriated, and what has not been released. It is a dire situation for nonprofits across the State of Hawaii, but the VLSH has actually survived the difficult years, where other nonprofit organizations particularly those serving immigrant constituencies have not survived or have merged. The VLSH operates with donations from lawyers, along with some grants. For this reason, the VLSH has been able to continue paying its 11-person staff. At least once a week, 6 volunteer lawyers come in when the staff leave, take the space in the office and see clients at night. Some lawyers take on cases in their own offices using their own staff and resources. The budget at its height was \$1.2 million which produced \$3 million in value from pro bono legal services. With technology, using voice and hopefully "Skype", they can provide services and hold clinics for people to meet with lawyers in different areas of the state. They may need to wait until 2012 or 2013 for an increase in revenues that would allow the VSLH to be able to expand. With donations from the legal community and some grants from the City, they should be able to keep their doors open, although they may furlough staff. She thanked the Authority for whatever support can be given.

Member Saito asked who are the clientele of the VLSH.

Ms. Gray responded that the clientele are low income people across the State of Hawaii. Legal Aid will serve up to 125% of the federal poverty guidelines set for Hawaii. The VLSH goes up to 200% given that the University of Hawaii had indicated that just to live in the State of Hawaii without paying a lawyer, you need income of at least 340% of the poverty level.

Member of Saito asked whether the range of services was unlimited.

Ms. Gray clarified that services do not include criminal defense, which is the public defender's job. Generally, it's unlimited by service but limited by income.

Member Mukaigawa asked whether services included family law.

Ms. Gray responded that family law is a significant portion of the case load.

Chairperson Bradley entertained a motion for the Authority to authorize the Executive Director to abate the base rent from Volunteer Legal Services of Hawaii for a one year period at the Honuakaha Condominium Project.

This motion was made by Member Mukaigawa and seconded by Member Saito.

A roll call vote was conducted.

Ayes: Members Bradley, Kimura, Kobayashi, Lai, Liu, Mukaigawa, Okada and Saito.

Nays: None.

The motion passed 8 to 0 with 5 excused (Members Chang, Chun, Dwight, Kawamura, and Morioka).

7. Shall the Authority Authorize the Executive Director to Accept the Terms and Conditions and Determine Resale Fair Market Value for Future Unit Sales at the Keola Lai Condominium Project?

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

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

Chairperson Bradley entertained a motion for the Authority to authorize the Executive Director to accept the terms and conditions and determine resale fair market value for future unit sales at the Keola Lai Condominium Project.

The motion was made by Member Lai and seconded by Member Kobayashi.

Chairperson Bradley asked whether there was any discussion on the motion.

Member Liu asked how the formula to determine fair market value was derived.

Member Mukaigawa commented that appraisers usually use the same standard for a building and the formula takes the last 12 months and 90% of the mean CMA,

with \$40,000 added for what Keola Lai charged initially for an additional parking stall.

Mr. Richard Kuitunen, Asset Manager, explained that the formula took comparative values only for floors where reserved housing was located. Most of the reserved units were 2 bedrooms and there are some one bedroom units. Since there has not been a one bedroom sale yet, it was feasible that a one bedroom sold today would not have any one-bedroom comps, so an adjustment as made for the 2 bedrooms.

Member Mukaigawa asked how many people have upgraded their units.

Mr. Kuitunen responded that no one has indicated such and he was not aware that any of the reserved units had purchased an additional parking stall.

Deputy Attorney John Wong stated that by contract, if the owner can appeal if there is a dispute over the computation of fair market value.

Mr. Kuitunen responded that while there is no contract with the tenants, they would have to tell the HCDA what they would be listing it for, and it would be incumbent upon us to approve or disapprove. In general, under the administrative rules, any decision by the executive director can be contested.

Mr. Ching responded that it was not a contract, but there was a covenant they cannot escape if they want to close the sale.

A roll call vote was conducted.

Ayes: Members Bradley, Kimura, Kobayashi, Lai, Liu, Mukaigawa, Okada and Saito.

Nays: None.

The motion passed 8 to 0 with 5 excused (Members Chang, Chun, Dwight, Kawamura, and Morioka).

8. Shall the Authority Approve the Expenditure of \$39,241.06 from its Hawaii Community Development Revolving Fund for Emergency Roof Repairs at the CFS3 Building and Additional Funds for Non-Emergency Roof Repair Costs?

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

Member Okada asked whether the inspections were basically of the roofline or were the columns also inspected.

Mr. Ching responded that the contractor had walked the roof and experienced peeling back of some of the roofing material and saw problems with some of the purlins and cross pieces. The inspection included going inside the Next Step Shelter area and looking up as well as talking with people about leaks and problems when it rains really hard. They gave specific locations they thought needed repairs, which correlated to the bays that the contractor identified.

Member Okada asked if there were problems with the metal columns.

Mr. Ching responded that there are steel girders which are still in pretty good shape. It would be primarily a roof repair and not involve interior support beams.

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

Chairperson Bradley entertained a motion for the Authority to approve the expenditure of \$39,241.06 from its Hawaii Community Development Revolving Fund for emergency roof repairs at the CFS3 Building and additional funds for non-emergency roof repair costs.

That motion was made by Member Saito and seconded by Member Lai.

A roll call vote was conducted.

Ayes: Members Bradley, Kimura, Kobayashi, Lai, Liu, Mukaigawa, Okada and Saito.

Nays: None.

The motion passed 8 to 0 with 5 excused (Members Chang, Chun, Dwight, Kawamura, and Morioka).

9. Shall the Authority Instruct the Executive Director to Consent to the Extension of the Sublease Between Ocean Investments, LLC and Basin Project, Inc. and Related Watabe Agreement for the John Dominis Restaurant Site?

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

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

Chairperson Bradley entertained a motion for the Authority to consent to the extension of the sublease between Ocean Investments, LLC and Basin Project, Inc. and related Watabe Agreement for the John Dominis Restaurant Site.

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

A roll call vote was conducted.

Ayes: Members Bradley, Kimura, Kobayashi, Lai, Liu, Mukaigawa, Okada and Saito.

Nays: None.

The motion passed 8 to 0 with 5 excused (Members Chang, Chun, Dwight, Kawamura, and Morioka).

Member Okada inquired whether the Authority could have a briefing from the City on Transit-Oriented Development (“TOD”).

Mr. Ching responded that he had made a request to the City.

Member Kimura asked if Kalaeloa and Kakaako TOD could be presented together.

Mr. Ching responded that the City discussion on TOD would be general and not involved specific areas.

VI. ADJOURNMENT

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

The meeting adjourned at 10:51 a.m.

Respectfully submitted,

/s/

C. Scott Bradley
Chairperson

Attachment: Exhibit A - Report of the Executive Director