

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

Wednesday, August 21, 2013

KALAELOA

I. CALL TO ORDER/ROLL CALL

A special meeting of the Kalaeloa 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. Brian Lee, Chairperson of the Authority, at 12:07 p.m. on Wednesday, August 21, 2013, at the Authority’s principal offices at 461 Cooke Street, Honolulu, Hawaii 96813, pursuant to Article IV, Section 1 of the Authority’s Bylaws.

Members Present: Linda Chinn (DHHL)
Mary Alice Evans (DBEDT)
Randy Grune (DOT)
Miles Kamimura
Luis Salaveria (DBF)
Dean Seki (DAGS)
Shirley Swinney

Members Absent: None

Others Present: Brian Lee, Chairperson of the Authority
Anthony Ching, Executive Director
Lori Tanigawa, Deputy Attorney General
Tessa Malama, Kalaeloa Director of Planning & Development
Shelby Hoota, Program Specialist
Patricia Yoshino, Secretary
Holly Hackett, Court Reporter

MATERIALS DISTRIBUTED:

1. Decision Making: Shall the Authority Authorize the Executive Director to Execute a Lease Extension and Amendment for a Term Not to Exceed Three (3) Years with Lessor James Campbell Company, LLC and Expend an Amount Not to Exceed \$220,000 from the Kalaeloa Community Development Revolving Funds for the Hawaii Community Development Authority's Kalaeloa Field Office.

II. REPORT OF THE EXECUTIVE DIRECTOR

Executive Director Anthony Ching stated that he would defer his report to the next regular Kalaeloa meeting.

III. KALAELOA MATTERS*

1. Decision Making: Shall the Authority Authorize the Executive Director to Execute a Lease Extension and Amendment for a Term Not to Exceed Three (3) Years with Lessor James Campbell Company, LLC and Expend an Amount Not to Exceed \$220,000 from the Kalaeloa Community Development Revolving Funds for the Hawaii Community Development Authority's Kalaeloa Field Office?

Mr. Ching summarized the report in the packet distributed to Members. He also explained that by statute, funds collected for the purpose of the Kalaeloa Community Development District (“District”) can only be spent in Kalaeloa and cannot be transferred to any other district such as Heeia or Kakaako. Annual assessments of approximately \$200,000 are made of stakeholders and landowners in the District, which is the only revenue received. Any expenditure above that amount is offset by contributions from the Kakaako fund. The major expenditures are staffing costs at just under \$200,000; office space currently at \$70,000, and projects. A field office in the area is important to maintain our relations and business in the District. However, there would need to be a balance with the limited revenue stream.

Members Evans stated she strongly supported keeping the Kalaeloa field office in the District, but it appeared that the agreement with the James Campbell Company was expensive. She request that other options should be explored.

Member Kamimura asked whether it was necessary for the office to be on the ground floor.

Mr. Ching replied that the second floor spaces available at the time were either too small or too large. There were limited options from a cost standpoint.

Member Kamimura stated that he was familiar with the area, and there was a second floor space of 1,200 square feet that was listed at \$2.00 per square foot versus the \$2.50. He also noted that the Hawaii Community Development Authority (“HCDA”) was not represented by a broker, and Colliers represents only the landlord. While he could not due to conflict of interest and did not want to be the broker, he would at least offer advice on the move. He felt that the HCDA would probably be able to negotiate a moving allowance, some free rent, and perhaps some tenant improvements to be set up in the second floor at less cost.

Mr. Ching noted also that were certain terms and conditions in the lease that were not acceptable to the Deputy Attorney General.

Member Seki offered help from the staff at the Department of Accounting and General Services who were licensed brokers and negotiate private leases. He stated that there might be available State space in the area.

Mr. Ching stated that the HCDA was not locked into a lease and had only an offer sheet and not final terms. He would certainly take up the offers for help from Member Kamimura and Member Seki in moving forward with the lease.

Member Chinn asked if the Kalaeloa field office would be holding over at the same space until an agreement is reached. She supported them being in the District and did not want them out on the street. Staff should look for better financially feasible accommodations that would keep them in the area.

Member Swinney stated she was hopeful that future revenue would be generated from Kalaeloa leases that would be able to support the operations and administration of the field office. From the community's perspective, there were 2 letters in support and a community member present to speak in support of having an ongoing and permanent HCDA presence in the District. As a member of the Kalaeloa Authority, she had personally taken the time to attend many of the committee meetings of the advisory team, community network, and Kalaeloa Heritage Park. She had seen the kind of time contributed by volunteers and felt that the HCDA's commitment needs to match theirs. The only way to do that would be to maintain the presence in the community. Because of the Kalaeloa field office presence in the community, crime and property damage are kept to a minimum, and the problems with homelessness remain in check.

Member Salaveria agreed with Member Swinney's comments and supported maintaining a presence in the District.

Member Evans stated that her intent was also to keep the field office in the District. Her concern was the high rent that being charged, but a commitment should be made to keep the field office in the District as we look for a more cost effective option.

Member Grune pointed out that under the present terms of the offer, it was a 1-1/2 year commitment, and not a 1-year commitment. At one year on September 30, 2013, you could give a 180-day notice of termination at any date.

PUBLIC TESTIMONY:

Ms. Cynthia Rezentes stated she was a long-time resident in the area and involved of a lot of the community organizations on the Leeward Coast. She supported the comments from Member Swinney and Member Chinn, and it was important for the HCDA to continue to provide a presence in the area. The community was very tight-knit and worked closely on a grassroots level.

Chairperson Lee noted that written testimony in support had been received from Senator Mike Gabbard.

Chairperson Lee entertained a motion for the Authority to authorize the Executive Director to execute a lease extension and amendment for a term not to exceed three (3) years with lessor James Campbell Company, LLC and expend an amount not to exceed \$220,000 from the Kalaeloa Community Development Revolving Funds for the Hawaii Community Development Authority's Kalaeloa field office.

A motion was made by Member Swinney and seconded by Member Chinn.

Member Evans amended the motion to add language that, should discussions not succeed with the James Campbell Company, that the executive director be authorized to search for other office space with the District, and if necessary, given the very short timeframe until the lease expires, be authorized to execute such a lease on behalf of the two field staff out at Kalaeloa.

Deputy Attorney General Tanigawa requested that a recess be taken.

A recess was taken at 12:43 p.m.

The meeting was reconvened at 12:45 p.m.

Chairperson Lee asked Member Evans if there was a motion for an amendment.

Member Evans restated her motion to amend the main motion as follows: That the Authority authorize the executive director to execute a lease not to exceed 3 years and to expend an amount not to exceed \$200,000 from the Kalaeloa Community Development revolving funds for the HCDA's Kalaeloa field office in the district or the surrounding region.

Member Seki seconded the motion.

A roll call vote to amend the main motion was conducted.

Ayes: Members Chinn, Evans, Grune, Kamimura, Salaveria, Seki and Swinney.

Nays: None.

The motion passed 7 to 0 with 2 excused (2 vacant positions).

Chairperson Lee stated that the motion was amended and a vote would be taken on the amended motion.

Member Salaveria stated he was in support of the motion with the amendment. He wanted to make it clear that the HCDA should continue to find the most cost effective way to maintain a presence within Kalaeloa district.

A roll call vote on the amended motion was conducted.

Ayes: Members Chinn, Evans, Grune, Kamimura, Salaveria, Seki and Swinney.

Nays: None.

The motion passed 7 to 0 with 2 excused (2 vacant positions).

- 2. Enterprise Road Energy Project: The Authority anticipates convening an Executive Meeting pursuant to Section 92-5(a)(3), Hawaii Revised Statutes (“HRS”), to discuss negotiations relating to the acquisition of public property.

Chairperson Lee stated that the Authority would be moving to another room for the executive meeting and would return to the conference room for the sole purpose of adjourning the Kalaeloa meeting.

There were no public comments offered on the agenda item.

Chairperson Lee entertained a motion to convene in executive session pursuant to Section 92-5(a)(3), HRS.

A motion was made by Member Swinney and seconded by Member Grune.

A roll call vote was conducted.

Ayes: Members Chinn, Evans, Grune, Kamimura, Salaveria, Seki and Swinney.

Nays: None.

The motion passed 7 to 0 with 2 excused (2 vacant positions).

Chairperson Lee asked that Ms. Tanigawa, Mr. Ching, Ms. Malama and Ms. Yoshino join the executive meeting.

Pursuant to Section 92-5(a)(3), Hawaii Revised Statutes, the Authority convened in Executive Session at 12:50 p.m.

The regular meeting was reconvened at 1:31 p.m.

V. ADJOURNMENT

A motion to adjourn was made by Member Swinney and seconded by Member Kamimura. By a show of hands vote, the motion carried unanimously.

The meeting adjourned at 1:31 p.m.

Respectfully submitted,

/s/

Miles Kamimura
Secretary

*Meals were served to Members and required staff as an integral part of the Executive Session.

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