

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

Wednesday, September 6, 2017

KALAELOA BUSINESS

I. CALL TO ORDER/ROLL CALL

A regular meeting of the Kalaeloa Members of the Hawaii Community Development Authority (Authority), a body corporate and a public instrumentality of the State of Hawaii, was called to order by Chair Whalen, at 10:31 a.m., September 6, 2017 at the Authority's principal offices at 547 Queen Street in Honolulu, Hawaii, pursuant to Article IV, Section 1 of the Authority's Bylaws.

Members Present:

1. Shirley Swinney
2. David Rodriguez
3. Beau Bassett
4. Laurel Johnston
5. Wei Fang
6. Mary Pat Waterhouse
7. John Whalen

Members Absent:

Mike Golojuch, Sr.
Kathy Sokugawa (non-voting)
Derek Kimura (non-voting)

Others Present:

Jesse Souki, Executive Director
Lori Sunakoda, Deputy Attorney General
Tessa Malama, Kalaeloa Planning & Development Director
Pearlyn Fukuba, HCDA Program Specialist
Deepak Neupane, Kakaako Planning & Development Director
Aedward Los Banos, Administrative Services Officer
Garrett Kamemoto, Compliance Assurance and Community Outreach Officer
Francie Murray, HCDA Program Specialist
Tommilyn Soares, Secretary

II. APPROVAL OF MINUTES

Approval of the August 2, 2017 meeting minutes was deferred to the October 2017 meeting. Pursuant to Hawaii Revised Statutes § 92-9, a draft version will be posted on HCDA's website.

III. INFORMATION ITEM

Findings and Recommendations of the Task Force to Resolve the Stockpile Located at the Kalaeloa Heritage Park.

Mr. Aedward Los Banos, Administrative Services Officer presented the report and noted the task force focused on the remediation of the stockpile and also looked at how the violation started. He also noted that the Authority is requesting these violations do not reoccur or occur in other HCDA community development districts.

Member Bassett asked what the fines of the violation is.

Mr. Los Banos responded, the accumulation of the daily rate fines from the initial violation until the stock pile permit was issued is estimated at \$300,000.00.

Executive Director Mr. Jesse Souki mentioned that he is working with the City's Department of Planning and Permitting and will move forward with the final cost after the Authority's action item decision.

Member Fang asked for a timeline and whether the Kalaeloa Heritage Legacy Foundation (KHLF) has proposed a payment schedule to reimburse the HCDA for remediation expenses. Mr. Los Banos responded that a payment schedule will be determined once the final cost is settled.

Member Swinney stated that further discussion will happen if certain timelines are not met.

Member Fang recommended setting a date for a board decision that will require a reimbursement payment plan from the KHLF. Member Fang suggested 2-3 months after the remediation schedule.

Mr. Souki stated that staff will have a clearer timeline by the October 2017 Authority meeting.

Member Waterhouse stated her concern is similar to Member Fang's regarding the KHLF's reimbursement and asked how would the Authority have any assurances that KHLF will repay the HCDA.

Mr. Souki noted, as the current landowner, HCDA is responsible to remediate the violations.

Member Fang asked if there is a recommendation on how HCDA would receive payment, and suggested possible bonds or insurance policy, if any.

Mr. Souki noted that the KHLF does not have any assets and that the KHLF has a nominal lease. Member Swinney also added that the focus of the task force is removing the stockpile; however, the task force members understands there may be a bigger issue, but reiterated the focus is to resolve the violation.

Member Bassett stated that the first option (per the staff report) was to reuse materials and asked why that is not part of the recommendation. Mr. Souki noted that reusing the materials

will require a grading permit and would increase the cost to utilize the materials. He also noted there is a deadline on the current stockpile permit.

Member Swinney stated the focus is to remedy the violation. Mr. Souki asked the Authority if they would like staff to work on anything specific.

Member Waterhouse asked that assurances on the reimbursement to HCDA be discussed.

There were no further questions or discussion from Authority members.

Chair Whalen called for public testimony. There was no public testimony.

IV. **Shall the Authority Authorize the Executive Director to expend up to \$200,000.00 from the Kalaeloa Community Development Revolving Fund to Remove Materials Stockpiled at the Kalaeloa Heritage Park, Contingent on the Approval by the Kakaako Authority to Transfer Funds from the Hawaii Community Development Revolving Fund?**

Mr. Los Banos presented the report provided in the board packet and highlighted that the KHLF was able to identify a local developer interested in the stockpile material as construction fill. The developer's offer requires that the material be delivered to their site in Kapolei; therefore, staff will need to begin procurement for a contractor to haul the material, as soon as possible. Staff has estimated that the cost to haul the material came out to be no more than \$200,000.00.

Mr. Souki noted that staff is seeking a low cost opportunity to move the stockpile and the discussion with the developer is ongoing.

Member Swinney noted the stockpiling permit will expire in May 2018.

There were no further comments or public testimony.

Member Swinney motioned for the board to authorize the Executive Director to expend up to \$200,000.00 from the Kalaeloa Community Development Revolving Fund to remove the materials stockpiled at the Kalaeloa Heritage Park, contingent on the approval by the Kakaako Authority to Transfer Funds from the Hawaii Community Development Revolving Fund.

Member Fang seconded.

Mr. Los Banos conducted the roll call vote. Motion passed with 7 ayes and 1 excused. See the attached roll call sheet.

Shall the Authority Authorize the Executive Director to Enter Into Lease Negotiations with SunStrong II LLC to Develop a 5 Megawatt Photovoltaic Solar Farm on Parcel 13073-C, Tax Map Key (1) 9-1-013:068, 19.361 acres at Kalaeloa, Oahu, Hawaii?

Mr. Souki provided background information for the Authority and noted that Deputy

Attorney General Lori Sunakoda prepared guidance for the Authority.

Member Swinney asked if this is the first time that this item has been brought before the Authority with no prior process; and if unsolicited proposals have been brought forward for the Authority's consideration before.

Ms. Tesha Malama highlighted the background information noted on Page 2 of the staff report and stated that staff received this unsolicited proposal and has brought it forward for the Authority's attention.

Chair Whalen asked about the use/zoning for this parcel.

Ms. Malama stated the project being proposed for this parcel is consistent with the rules and transect 2 zoning.

Mr. Souki also added that the Authority allowed HCDA staff to negotiate a lease with Aloha Solar Energy Fund II for a similar project.

Member Swinney motioned for the Authority to convene in executive session pursuant to Hawaii Revised Statutes Section 92-5 (a) (4).

Member Waterhouse seconded the motion. All members unanimously approved entering into executive session.

Pursuant to Section 92-5 (a) (4), Hawaii Revised Statutes, the Authority convened in Executive Session at 11:20 a.m.

Chair Whalen reconvened the meeting at 11:37 a.m.

PUBLIC TESTIMONY

Mr. Brian Hayashida, SunStrong II LLC, stated he submitted written testimony and that he is present to answer any questions. He noted for the Authority that this project started by an informational newspaper advertisement.

Member Swinney asked about Mr. Hayashida mentioning an advertisement in the newspaper.

Mr. Souki stated the Authority approved the previous Executive Director to solicit potential interest for HCDA's land assets.

Ms. Malama added to Mr. Souki's statement and noted that the HCDA did not publicly solicit projects for these parcels; but that a local business article was published regarding parcels being conveyed to the HCDA. She mentioned that the previous Executive Director entertained different proposals that were submitted and that those would be placed on a potential list of projects. The authority authorized the Executive Director to solicit interest,

although there was no formal Request for Interest or procurement process that was conducted.

Member Swinney motioned for the Authority to authorize the Executive Director to enter into lease negotiations with SunStrong II LLC to develop a 5 Megawatt Photovoltaic Solar Farm on parcel 13073-C, Tax Map Key (1) 9-1-013:068, 19.361 acres at Kalaeloa, Oahu, Hawaii?

Member Waterhouse seconded.

The Authority agreed and feels that the best practice would be for the HCDA to conduct a Request for Interest and that they would entertain a decision when proposals are received via a proper procurement process.

Ms. Tesha Malam conducted the roll call vote. Motion failed with 7 votes and 1 excused. See roll call sheet.

IV. REPORT OF THE EXECUTIVE DIRECTOR

Ms. Malama deferred to the report provided in the Authority packet.

Member Waterhouse asked about the notice of violation that was issued to RP Makai Landowner LLC.

Member Swinney asked if RP Makai Landowner LLC are aware of the HCDA rules.

Ms. Malama responded yes and provided background information on the violation and noted that the developer began work on a recreational facility without obtaining proper HCDA permits.

There was no further discussion or comments from Authority members or the public.

V. ADJOURNMENT

Chairperson Whalen adjourned the regular meeting at 11:55 AM

Respectfully submitted,

John Whalen
Chair

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

**KALAELOA
AUTHORITY MEETING
Wednesday, September 6, 2017
9:30 a.m.**

ROLL CALL

3. Shall the Authority Authorize the Executive Director to Expend up to \$200,000 from the Kalaeloa Community Development Revolving Fund to Remove Materials Stockpiled at the Kalaeloa Heritage Park, Contingent on the Approval by the Kakaako Authority to Transfer Funds from the Hawaii Community Development Revolving Fund?

Motioned by S. Swinney Second W. Fang

Member

1. Johnston, Laurel (B&F)
2. Rodriguez, David (DOT)
3. Fang, Wei
4. Bassett, Beau
5. Waterhouse, Mary Pat
6. Golojuch, Mike
7. Swinney, Shirley
8. VACANT
9. Whalen, John

Yes	No	Abstain
5		
6		
2		
3		
4		
1		
7		

The decision passes with 7 votes for, _____ against, _____ abstained, and 1 excused.

Submitted by *Richard J. ...*

**KALAELOA
AUTHORITY MEETING
Wednesday, September 6, 2017
9:30 a.m.**

ROLL CALL

4. Shall the Authority Authorize the Executive Director to Enter Into Lease Negotiations with SunStrong II LLC to Develop a 5 Megawatt Photovoltaic Solar Farm on Parcel 13073-C, Tax Map Key (1) 9-1-013: 068, 19.361 acres at Kalaeloa, Oahu, Hawaii?

Motioned by Shirley Swinney Second M.P. Waterhouse

Member

1. Johnston, Laurel (B&F)
2. Rodriguez, David (DOT)
3. Fang, Wei
4. Bassett, Beau
5. Waterhouse, Mary Pat
6. Golojuch, Mike
7. Swinney, Shirley
8. VACANT
9. Whalen, John

Yes	No	Abstain
	✓	
	✓	
	✓	
	✓	
	✓	
	✓	
	✓	

The decision passes with 1 votes for, 7 against, 0 abstained, and 1 excused.

Submitted by M.P. Waterhouse