

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

Wednesday, December 6, 2017

GENERAL BUSINESS

I. CALL TO ORDER/ROLL CALL

A regular business meeting of the Members of the Hawaii Community Development Authority (“Authority” or “HCDA”), a body corporate and a public instrumentality of the State of Hawaii, was called to order by John Whalen, Chair of the Authority, at 10:38 a.m., December 6, 2017, at Authority’s principal offices at 547 Queen Street in Honolulu, Hawaii, 96813, pursuant to Article IV, Section 1 of the Authority’s Bylaws.

Members Present:

1. John Whalen
2. Phillip Hasha
3. William Oh
4. Wei Fang
5. Jason Okuhama
6. Shirley Swinney
7. Mary Pat Waterhouse
8. David Rodriguez
9. Maeda Timson
10. Derek Kimura (non-voting)
11. Amy Luersen
12. Jo-Ann Leong

Members Absent:

Beau Bassett
Michael Golojuch
Donna Camvel
Kathy Sokugawa (non-voting)
Laurel Johnston

Others Present:

Garett Kamemoto, Interim Executive Director
Lori Sunakoda, Deputy Attorney General
Deepak Neupane, Kakaako Planning Director
Lindsey Doi Leaverton, Asset Manager
Tessa Malama, Kalaeloa Planning Director
Francine Murray, HCDA Specialist
Tommilyn Soares, Secretary

II. **APPROVAL OF MINUTES**

The minutes of the November 1, 2017 meeting were approved as presented.

III. **INFORMATION AND DISCUSSION:**

Hawaii Community Development Authority Financial Position Task Force Update.

Mr. Aedward Los Banos stated that Governor's general package for the 2018 legislative session will include a budget request for HCDA's staff positions. He highlighted the financial position task force findings and recommendations included in the board packet.

Member Waterhouse, Chair of the Financial Position Task Force stated a board decision will be made at the next meeting.

Member Rodriguez joined the meeting at 10:45 a.m.

Member Fang provided a recap and overview of the RFP that was awarded to Colliers, who organized HCDA's assets and asset types. The task force reviewed the report and asked Colliers to prioritize low generating assets (page 61 of the Colliers report) and to also prioritize a timeline. The task force recommendation is to instruct staff to use the prioritized timeline as a guide to help increase generating revenue.

Chair noted it's a good report but also includes a lot of information to absorb before making a decision. He also noted that the report is timely per the upcoming legislative session.

Member Waterhouse stated that the task force asked Colliers to research HCDA's assets for its highest and best use and that the task force will then discuss priority.

Member Fang and Luersen discussed how recommendation 1 for Goal 3 provides a good framework that would assist the board in looking at opportunities to increase revenues while working toward HCDA's mission.

Member Waterhouse stated that the task force would like staff to review the report and that anything above \$25K should be brought to the board for approval. Also, any questions or concerns by individual board members should be directed to staff.

Member Timson joined the meeting at 10:59 a.m.

Chair reminded board members that the findings and recommendations are for the boards information and that the board will make a decision at the next board meeting.

Member Waterhouse noted that one of the task force recommendations is to develop policies that Mr. Los Banos will be working on. The recommendation idea on the draft policies is that the board would discuss and review each policy and agree on a policies process. Also, that as each policy is drafted, it would be brought to the board for discussion and approval.

Mr. Los Banos noted for planning purposes he would draft each policy and bring it before the board as a package.

Member Waterhouse asked board members to provide names of Legislators they may know of to HCDA Secretary Tommilyn Soares to compile a list to help encourage staff funding for the upcoming legislative session.

There was no other comments or questions by the authority members, or public testimony.

Executive Director Recruitment Process Permitted Interaction Group Update

Chair Whalen noted that the position description for the Executive Director recruitment was posted to the Department of Human Resources Development website on November 30, 2017. A notice was also sent to the Hawaii Planning Association. Deadline for applications are February 2, 2018. Chair Whalen encouraged board members to seek applicants and that current HCDA staff are welcomed to apply. The Permitted Interaction Group will be meeting with Bishop & Company to see if they would like to provide assistance as a supplemental to the last contract. The DBEDT Personnel officer is also assisting and reminded the board this is not a civil service position recruitment.

There was no further discussion, questions or comments by board members and no public testimony.

IV. ACTION ITEMS:

Shall the Authority Approve the Final Audited Financial Statements for the Fiscal Year Ended, June 30, 2017?

Mr. Los Banos explained that CW Associates conducted HCDA's yearly financial audit for fiscal year end, June 30, 2017. He mentioned that Ms. Terri Fujii and Mark Inafuku, representatives of CW Associates were present to answer any questions.

Ms. Terri Fujii of CW Associates stated that the financial statements were clean and that staff provided all the requested information.

Chair Whalen asked that as the auditor is retained by the State Auditor's Office why the board would need to approve the financial audit?

Ms. Fujii noted that the Office of the Auditor does not review the draft audit; however, they would like to ensure the agency goes through the necessary review protocol so that the audit can be finalized. She also noted that the board may view it as accepting the audit vs. approving it. This also could be an opportunity for the board to bring issues or matters to the auditor's attention, if any.

Member Luersen stated that as a common practice an audit would include a management letter recommending any improvements and asked if there are any recommendations regarding financial controls?

Ms. Fujii responded that there were no significant deficiencies or material weaknesses and that staff provided all information that were requested.

Mr. Los Banos noted there was a comment made and noted with the last regarding improving HCDA's electronic accounting system that he will work on and would like to implement.

There was no further comments or discussion from the board and no public testimony.

Member Waterhouse made a motion for the board to accept the final audited financial statements for the fiscal year ended, June 30, 2017.

Member Swinney seconded.

Mr. Los Banos conducted the roll call vote. Motion passed with eleven votes and four excused.

V. **REPORT OF THE EXECUTIVE DIRECTOR**

2018 Legislative Update

Mr. Los Banos provided a brief update on HCDA's budget request and noted that the following requests will be included in the Governor's legislative package:

1. General funding for salaries for HCDA's 19 staff positions;
2. Kakaao Makai Park Improvement funding, \$2,000,000.00; and
3. Kalaeloa Community Plan Update, \$500,000.00.

HCDA's budget request for the Fisherman's Wharf deck repair and operating funds for the implementation of HCDA's guide and property rules did not make it into the Governor's budget request package.

There was no comments or questions and no public testimony.

Unsolicited Proposals

Interim Executive Director Garrett Kamemoto updated the board on its request for a board policy on unsolicited proposals submitted to HCDA. He noted that per the financial position task force discussion these policies will be brought forth as a package to ensure each policy is consistent with other task force policies. Mr. Kamemoto noted he would like these policies to ensure that board members and staff are protected and that there is a standard; objective criterion before staff time is committed to these proposals.

Member Swinney asked if Mr. Kamemoto is referring to general policies or specific to unsolicited proposals?

Mr. Kamemoto responded that the unsolicited proposal policy would be integrated into the policies that Mr. Los Banos will be working on.

Member Fang noted that this would essentially be an overarching policy that could address regular market lease proposals; unsolicited proposals and below market lease proposals that could be organized into a workflow.

Member Swinney asked what the timeline on these policies are, as there was one proposal that was declined in Kalaeloa. Member Swinney also stated that Kalaeloa anticipates more unsolicited proposal to come through and would therefore like to have these policies in place as soon as possible.

Ms. Los Banos noted that he would like to ensure these policies are a customized report that pertains to HCDA and anticipates being able to have a draft in a few months.

Chair Whalen asked if this would-be part of the policies package that was recommended by the Financial Position Task Force and if it would be presented as one package?

Mr. Los Banos responded yes, he would like the policies submitted as one package.

Member Luersen noted as far as process, the board would approve the recommendation of the financial position task force at the next board meeting and with that decision the board would ask staff to develop these policies; therefore, the earliest the board could see a draft would be the following meeting.

Member Swinney stated that prior to Executive Director Jesse Souki leaving he mentioned working on an unsolicited proposal policy draft and wanted to confirm there is a draft.

Mr. Los Banos confirmed there is a draft; however, in drafting the unsolicited proposal policy and a nominal lease policy staff found some similarities and conflicts and would therefore want to ensure these policies are drafted properly.

Member Swinney asked if the board would be able to review a draft in February 2018?

Mr. Kamemoto and Mr. Los Banos responded that staff would most likely be able to put together a draft by February or March unless other unforeseen events may come up.

There was no further discussion by board members or public testimony.

Monthly Financial Report

Mr. Los Banos, noted the October Financial Report.

There was no comments or questions and no public testimony.

V. ADJOURNMENT

Chair Whalen adjourned the meeting at 11:31 a.m.

Approved and Submitted by,



John P. Whalen, Chairperson

JAN 03 2018

Date Approved by the HCDA Board