

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

Wednesday, September 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 9:07 a.m., September 6, 2017, at the 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. Steven Scott
3. Beau Bassett
4. Wei Fang
5. Laurel Johnston
6. Jason Okuhama
7. Shirley Swinney
8. Mary Pat Waterhouse
9. David Rodriguez
10. Kathy Sokugawa (left meeting at 9:51 AM)
11. William Oh

Members Absent:

Donna Camvel
Amy Luersen
Michael Golojuch, Sr.
Derek Kimura

Others Present:

Jesse Souki, Executive Director
Aedward Los Banos, Administrative Services Officer
Lori Sunakoda, Deputy Attorney General
Deepak Neupane, Kakaako Planning Director
Tessa Malama, Kalaeloa Planning Director
Garett Kamemoto, Communications and Compliance Officer
Francine Murray, HCDA Program Specialist
Tommilyn Soares, Secretary

Chair Whalen welcomed everyone and mentioned that it was Kakaako Board Member Steven Scott's last meeting and thanked Member Scott for his volunteer service to the HCDA board. Chair Whalen mentioned that new board members were confirmed during the 2017 Special Legislative Session, including the re-appointment of 2 members.

The new appointed Members are: Ms. Maeda Timson, Kalaeloa Board Member; Ms. Jo Ann Leong, Heeia Board Member; and Mr. Phillip Hasha, Kakaako Board member. Re-appointed board members are: Mr. Jason Okuhama, Kakaako Board Member, and Ms. Donna Camvel, Heeia Board Member.

Executive Director Jesse Souki thanked Member Scott for his volunteer service to the HCDA Kakaako board. He stated that new members will sit at the October meeting after they sign their Oaths of Office.

II. APPROVAL OF MINUTES

The 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. ACTION ITEMS

Shall the Authority Adopt the Recommendation of the Financial Position Task Force, as to Goal 1: Community Development Plans in HCDA Community Development Districts shall have an identified long-range completion date?

Member Mary Pat Waterhouse presented the recommendation of the Financial Task Force and noted at its July 5, 2017 meeting, the board identified Goal #1, to include a completion date as each community development district plan is recommended by the board. Member Waterhouse mentioned the task force felt a completion date would utilize a timeline to assist in properly allocating its resources framed within its completion date, whether it would be 30 years, 100 years or possibly in perpetuity. Member Waterhouse asked if perpetuity could be a possible completion date. She also noted the Heeia and Kalaeloa districts are currently developing its plans and that Kakaako will include Transit-Oriented Development and the Makai Park Plans update. Member Waterhouse asked other task force members if they had any additional comments.

Mr. Souki informed the board that he received an email from Member Luersen (Heeia Board Member) regarding the completion date recommendation and expressed that she understands the logic to Goal #1. However, Member Luersen felt a completion date may not be appropriate for Heeia, as having an end date helps to implement a project. HCDA is the pre-dominant land-owner and the focus of the Heeia district is preservation. Member Luersen also recommended that the Heeia District should remain in perpetuity, protecting the district from urban and rural development. Mr. Souki added that there are mechanisms, besides perpetual governance by the Authority once the Heeia Community Development Plan is implemented. The Authority will still own the property and mechanisms like a conservation easement might serve to perpetually protect the parcel.

Member Waterhouse asked if perpetuity is a possible completion date?

Member Basset felt the completion date is confusing and potentially misleading and suggests the board look at what it is trying to achieve. For example, is it seeking to achieve sustainability? Member Johnston agreed.

Member Fang and Member Swinney asked what type of sustainability, financial or self-sustainability?

Member Basset clarified for board members that it could be a financial sustainability for a larger public purpose. However, the board would need to understand what the goal and the purpose is, set a range with milestones, and work towards the goal.

Member Scott, agreed and recommends the board identify a specific goal and move forward on the question and determine whether a completion date is necessary.

Chair Whalen suggested including a completion date per the statutory mandate for each district. Member Fang agreed.

Member Waterhouse suggested amending the motion to:

“Community development district shall have a long-range timeline for fulfillment of the statutory mandate for each district.”

Members Waterhouse and Swinney asked Deputy Attorney General Lori Sunakoda whether the board is required to procedurally amend the language on the agenda?

Ms. Sunakoda responded and stated the substance is similar, therefore; an official amendment is not necessary; however, the motion should clearly state what the board is recommending.

Member Sokugawa noted she felt the board is making an interesting motion and questioned the motivation of the recommendation as it suggests a scenario where HCDA would not be in existence. Ms. Sokugawa recommended the board adjust the completion date for each district and clarify how a completion date is defined and used.

Chair Whalen noted, it is unclear how long HCDA will be in existence and he understands how a completion date would provide a framework to approach the legislature.

Member Waterhouse made a motion for the Authority to Adopt the Recommendation of the Financial Position Task Force, as to Goal 1: Community Development Plans in HCDA Community Development Districts shall have an identified long range timeline to fulfill goals to meet the statutes in each district.

Member Fang seconded.

Mr. Los Banos conducted the roll call vote. Motion passed with 10 ayes and 3 excused. See the attached roll call sheet.

Shall the Authority Form and Appoint a Task Force Pursuant to HRS § 92-5(b)(4), to conduct an Annual Performance Evaluation of the Executive Director?

Chair Whalen mentioned the 1 year evaluation for the Hawaii Community Development Authority's Executive Director is approaching and recommended that the board's 3 elected officers serve on a task force. The task force will discuss and make recommendations on the following tasks:

- Develop a process for the annual evaluation;
- Identify criteria using the position description and a possible survey with input from other agencies and board members (as the board, initially did not provide any goals for Mr. Souki); and
- Propose future goals for the Executive Director.

The 3 board elected officials that will serve on the task force are:

1. John Whalen, Chair;
2. Mary Pat Waterhouse, Vice Chair; and
3. Shirley Swinney, Board Secretary.

There was no further discussion or questions from board members.

Member Bassett made a motion for the board to form and appoint a task force pursuant to HRS § 92-5(b)(4), to conduct an annual performance evaluation of the Executive Director.

Member Johnston seconded.

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

Chair Whalen conducted the roll call vote. Motion passed with 10 votes and 3 excused.

Shall the Authority Approve the Hawaii Community Development Authority's Potential Legislative Strategy, Proposed Operating Budget, and Potential CIP Projects for the 2018 Legislative Session?

Mr. Souki explained the budget listing was prepared for the Governor's office, in connection to a session with agencies working towards providing affordable housing. It was also used for the Governor's Department meeting with DBEDT.

Mr. Garrett Kamemoto presented the materials provided in the board packet and noted the budget and legislative requests for the 2018 legislative session that have been prepared

are consistent with previous board and staff positions. Mr. Kamemoto highlighted the following:

HCDA 2018 Operating Budget Priorities:

- a. Restoration of funding for 19 HCDA staff positions; and
- b. Funding requests for enforcement and implementation of HCDA rules regarding abandoned property;

Mr. Kamemoto mentioned that HCDA did not receive additional funding for the 2017 – 2018 fiscal year to assist with park enforcement and with the increase in illegal activity, HCDA will be requesting funds to assist with those enforcements.

Mr. Souki noted that Hawaii News Now did an interview and followed the HCDA staff member who conducts park enforcement and issues notices to any park user that violates the current park rules.

Mr. Aedward Los Banos provided a highlight on the Capital Improvement Project Requests that include a Makai area parking garage, improvements to the Makai parks, Queen Street and the American Brewery Building, also deck repair at Fisherman's Wharf, the Kalaeloa plan update, a survey of the proposed Kalaeloa right of ways, and infrastructure improvement for the Heeia district.

Mr. Souki stated for the board that possible parking issues may surface with the development of Lot C.

Member Scott asked about the Fisherman's wharf deck repair.

Mr. Deepak Neupane responded that the board authorized a consultant for planning and design work. The consultants provided an estimate of \$4 million for construction costs Howard Hughes (leasing property) also provided an estimate based on HCDA's consultant's plans which totaled \$8 million. The current status is pending an updated condition assessment and construction estimate from the consultant.

Member Bassett mentioned he thought one of the conditions to the harbor lease was this area be incorporated and a provision that states Howard Hughes repair Fisherman's Wharf loading dock and recapture improvement costs from the lease rent.

Mr. Neupane identified the areas included in the harbor lease (held by Howard Hughes) and stated Fisherman's Wharf is HCDA's responsibility.

Member Rodriguez stated, if there are public health and safety concerns regarding Fisherman's Wharf deck area, HCDA could be liable and suggests seeking possible cost sharing with the Department of Land and Natural Resources.

Member Waterhouse stated, if there are health and safety issues, the CIP budget request for the repairs to the Fisherman's Wharf deck should be a priority and recommended the CIP list to the legislature be prioritized.

Mr. Kamemoto highlighted the two legislative bills that HCDA is proposing to submit, as part of the Governor's 2018 legislative package, through DBEDT

1. Criminal Tampering in Public Parks: a health and safety bill on enforcement for example, illegal campers are tapping into the electrical lamps that creates a health and safety issue.
2. Community Development: Transit-Oriented development (TOD) zone improvement program, a carryover bill from 2017 regarding the TOD District that will allow HCDA to improve infrastructure and encourage development in the area. i.e. housing that would benefit.

Member Scott asked how the TOD bill will impact small business landowners and stated he understands the small business owners are being assessed a fee that does not benefit them.

Mr. Souki explained that the TOD bill doesn't cover existing Community Development districts. It is a framework for addressing infrastructure issues identified by the TOD Council in future TOD Districts.

Chair Whalen recommended that staff or the legislature may want to look at HCDA's statute so the burden on small business landowners in Kakaako is not increased.

The board discussed prioritizing the list of CIP requests that will be submitted to the legislature. Chair Whalen suggested utilizing the public facilities dedication fund for the park improvements. Member Waterhouse suggested Fisherman's Wharf deck repair as a CIP priority. Member Johnston suggested submitting the priorities that were recommended for the operating budget and two CIP requests, noting the constraints of a supplemental budget year.

Mr. Souki and Mr. Kamemoto explained there is a Department deadline for the legislative requests and asked the board for its legislative suggestions and highlighting the Kalaeloa CIP request.

Mr. Souki indicated that staff will prioritize the HCDA's CIP project requests based on the board discussion. He summarized that there was board support for Fisherman's Wharf deck repair, partial funding for park improvements, and the Kalaeloa Plan update.

PUBLIC TESTIMONY:

Wayne Takamine, Chair Kakaako Makai Advisory Council mentioned he attending an informational meeting that the Office of Hawaiian Affairs conducted regarding Lot A and asked what kind of improvements HCDA would be requesting. Mr. Souki and Mr. Neupane confirmed for Mr. Takamine that improvements are needed for the Fisherman's Wharf deck area which, is owned by the HCDA.

There was no further testimony or discussion by the board.

Mr. Souki stated for the board that there is a deadline to submit HCDA's legislative request to DBEDT and asked the board for suggesting a direction for staff.

Member Johnston made a motion for the board to approve the Hawaii Community Development Authority's potential legislative strategy, proposed operating budget, and potential CIP projects for the 2018 legislative session.

Member Waterhouse amended the motion to include prioritizing the capital improvement project request and the health and public safety item (Fisherman's Wharf deck repair) be included in the CIP request.

Steven Scott seconded.

Mr. Kamemoto conducted the roll call vote. Motion passed with 10 ayes and 3 excused. See the attached roll call sheet.

IV. REPORT OF THE EXECUTIVE DIRECTOR

Information: Monthly Financial Report for January 2017.

Mr. Aedward Los Banos presented the financial report located under tab 5 of the board packet and highlighted the first loan payment of \$1.75 million dollar from Stanford Carr development.

Member Waterhouse asked about the summary of sub funds, on the last page where the total contract amount exceeds the board authorized total.

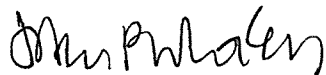
Mr. Los Banos confirmed an error in calculation and noted the correction, that will be corrected next month.

There was no further discussion or public comments.

V. ADJOURNMENT

Chair Whalen adjourned the meeting at 10:30 a.m.

Approved and Submitted by,



John P. Whalen, Chairperson

OCT 04 2017

Date Approved by HCDA Board