

**STATE OF HAWAII
HAWAII COMMUNITY DEVELOPMENT AUTHORITY
GENERAL MEETING**

Wednesday, February 16, 2022

MINUTES

I. CALL TO ORDER/ROLL CALL

The Hawaii Community Development Authority (“Authority” or “Board”), a body corporate and a public instrumentality of the State of Hawaii met virtually (utilizing the state-supported Zoom Meeting platform) for a Special meeting on February 16, 2022.

Chairperson Susan Todani called the February 16, 2022, HCDA General Authority Special meeting to order at 9:02 a.m. Chair Todani stated HCDA Staff will go over the meeting protocols.

Acknowledgement that the Meeting is Being Convened Virtually

HCDA Compliance Assurance and Community Outreach Officer, Mr. Craig Nakamoto, reiterated the wording contained in the Meeting Agenda regarding the guidelines and directives provided by the Governor’s Emergency Proclamation Statutes to the extent necessary to enable public boards and commission to conduct business virtually.

With regard to the foregoing, Mr. Nakamoto reiterated wording contained in the Meeting Agenda noting that HCDA welcomes public attendance via the Zoom link provided. He noted that the meeting would be live streamed on HCDA’s YouTube Channel contained in the Meeting Agenda and that HCDA also welcomes public comment and public participation via submission of written and or verbal testimony (consistent with the social distancing guidelines and Emergency Proclamation directives in effect).

Mr. Nakamoto stated that individuals, if any, from the public who have requested to provide testimony are on standby and will be permitted to speak during the public testimony session of the specific agenda item.

Chair Todani conducted the roll call. Those present were as follows:

Members Present:

Susan Todani, Chairperson
Chason Ishii, Vice Chairperson
David Rodriguez, DOT (Ex-Officio)
Dean Uchida, DPP (non-voting)
Pearlyn Fukuba, DHHL (non-voting)
Kevin Sakoda
Vernon Inoshita
Mitchell Tynanes
Jo Ann Leong
Punihei Lipe

Kuhio Lewis
David Rae
Wei Fang
Craig Hirai, B&F (Ex-Officio)
Phillip Hasha

Members Excused: Donna Camvel
Peter Apo

Legal Counsel: Kelly Suzuka, Deputy Attorney General
Lori Sunakoda, Deputy Attorney General

Staff Present: Deepak Neupane, HCDA Executive Director
Garet Sasaki, HCDA Administrative Services Officer
Craig Nakamoto, HCDA Compliance Assurance & Community
Outreach Officer
Francine Murray, HCDA Program Specialist
Tommilyn Soares, HCDA Secretary

A quorum was present.

II. APPROVAL OF MINUTES

1. Regular Meeting Minutes of January 5, 2022

Minutes were approved as presented.

III. INFORMATION & DISCUSSION

2. Hawaii State Legislature: Bill Update. The legislative bills to be discussed include the following:

- a. **SB 2176/HB 1600, Relating to The State Budget**
- b. **SB 2398, Relating to The Hawaii Community Development Authority**
- c. **HB 1827/SB 3224, Relating to The Pulehunui Community Development District**
- d. **HB 1836, Relating to Housing**
- e. **SB 2505, Relating to The Hawaii Community Development Authority, and**
- f. **SB 2898, Relating to Community Development**

Mr. Nakamoto provided information on the State Budget bill, specifically regarding the CIP requests for a bulkhead repair project at Kewalo Basin Harbor (Kakaako District) and an energy and communications corridor on Saratoga Avenue (Kalaeloa District). Mr. Nakamoto stated he will continue to seek support from community stakeholders and the respective neighborhood boards for these projects.

Member Rae joined the meeting at 9:06 a.m.

Chair Todani encouraged Members to provide feedback, on the legislative bills, even if a position has been taken, because it is the prerogative of the board.

Member Lewis stated he would like to maintain a balance of advocacy for Kalaeloa and Heeia in comparison to Kakaako. Mr. Nakamoto stated he understands and added that there is advocacy for the Kalaeloa Saratoga project and he has reached out to the stakeholders and the neighborhood board to gain additional support. Member Lewis recommends those advocacies remain a constant practice to support all other districts within HCDA.

Mr. Nakamoto provided information on the Pulehunui District bills regarding the establishment, HCDA's governance changes, and the purpose of the Pulehunui Community Development District.

Chair Todani asked Mr. Nakamoto to provide a summary of the Pulehunui bill for the newer Members. Mr. Nakamoto provided a summary for the Board Members.

Mr. Neupane noted HCDA currently has four boards and with Pulehunui, it would increase it to five boards. He stated there is another bill that would create more boards for HCDA, so HCDA Staff and individuals at the Legislature tried to create a board that is workable and manageable.

Member Hirai joined the meeting at 9:20 a.m.

Mr. Nakamoto stated he will keep the Board updated as to the progress of the legislative bills.

Member Lipe asked how the idea came up for Pulehunui to become a new district and how does HCDA understand how the community is feeling about this as it goes forward, stating she may be missing some of the context and history. Mr. Neupane stated none of this was initiated by HCDA - the Legislature and a Representative from Maui felt there was a need for certain facilities within the county.

Member Lipe asked if HCDA receives a new district without an opportunity to question or have a say on the matter. Mr. Neupane stated typically when a bill provides for or creates a Community Development District, HCDA may provide comments, support, or oppose a bill; however, he added that agency-wise it is always a good idea to support these ideas.

Member Fang recalls in recent years, there were proposals to create a district in Hilo, around where the hotels are in the DNLR lands and remembers that at the time, the board communicated that it did not feel there were enough resources to take on a new district, especially one on a neighbor island. She stated the Board wanted the Legislature to show some promise of additional resources so the agency could manage and have the capacity to complete the work, expand the Board, etc. She stated that was one way the Board communicated not being comfortable with creating a new district in HCDA.

Mr. Neupane stated he believes there is enough capacity within the agency to manage these districts.

Member Ishii expressed his concern with clarity on HCDA's role when additional districts are added. The Stadium Authority and the stadium situation was a prime example when it was introduced. He continued by saying it would be great if the Board had a better understanding of

HCDA's role in these additional districts and what the legislature is looking for from HCDA as an organization.

Mr. Neupane stated he believes Pulehuni and the TOD District does give that clarity, and clarifies what authority and responsibility HCDA has.

Member Leong asked for clarification on whether the change for At-Large and District Members going from three to two is only for the proposed new development, and not for all of HCDA.

Mr. Neupane stated there are five bills altogether. SB 2398 re the Pulehunui Community Development District adds the board under the current HCDA structure and keeps the voting members at nine (it removes one At-Large Member and one District Member but adds the Director of DBEDT and the County DPP as voting members.)

HB 1827 and SB 3224, creates a new Board (new set of nine members) and administratively attaches it to HCDA under DBEDT, though there is overlap in the Members it does not alter the current structure of HCDA.

Mr. Neupane also noted for the board that HB 2034 and SB 2683 removes the County from nominating HCDA's district members to nominations being made by the Senate President and the Speaker of the House. These two bills add the DBEDT Director, the County DPP Director, and removes one At-Large Member and one District Member.

Mr. Nakamoto moved on to SB 2898, establishing TOD Improvement Zone Districts under 206E. He added there may be a Board for each county.

Mr. Neupane added that this bill is strictly limited to infrastructure development and as he explained to the Board's Strategic Vision/Plan Permitted Interaction Group, there is a need for affordable housing development and part of the challenge in affordable housing development is infrastructure, so the Legislature is looking at agencies that have the capacity and experience to improve infrastructure. He stated Kakaako is a good example as HCDA has done a lot of infrastructure improvement in the development of Kakaako. Mr. Neupane stated the TOD Board is created and attached to HCDA/DBEDT for administrative purposes and added there could be as many as four TOD Boards.

Chair Todani asked Mr. Neupane, with the addition of the TOD and Pulehunui boards, HCDA may possibly have a total of nine Boards?

Mr. Neupane responded, if all four Counties have TOD projects moving simultaneously HCDA may possibly have a total of nine boards.

Chair Todani stated HCDA is honored to be recognized as the State's community development agency that has the capacity for infrastructure development but has concerns for HCDA to remain strategic and efficient and has concerns of the time commitment from the Board and resources for the staff. She stated if HCDA takes on additional projects/districts, it should be clear there are appropriate resources to fund initiatives that will be taken on. Chair Todani recommended the Strategic Planning PIG should have these discussions.

Mr. Neupane agreed and stated funding is necessary in order for any project to move forward. He added that without CIP funding HCDA cannot make sewer, water, electrical, or any of those kinds of improvements and he thinks the strategy should be to ask for project-based staff when CIP funding is given for a project.

Mr. Neupane highlighted SB 2502 for the board and explained the bill gives HCDA the ability to offer a 99-year lease. Currently, HCDA is restricted to 65-year leases on lands/property owned by HCDA. He stated the genesis of the bill was based on feedback from developers – that if an affordable housing project is developed on HCDA land it is limited to a 65 year-lease, and many developers have expressed they would need, at minimum, a 75-year lease in order to borrow money from HUD. Mr. Neupane added a similar bill, introduced, allows for 99-year leases by HHFDC. These bills are to support affordable housing developments. Mr. Nakamoto stated if HCDA has this ability to enter into a 99-year lease, it will be another tool to address the lack of affordable housing or housing in the State where HCDA can be part of that solution.

Mr. Neupane noted HCDA is monitoring other bills relating to the Stadium, and Gardens, as well as, HB 1836, relating to Housing.

Regarding HB 1836 Mr. Neupane explained it is in relation to 201H-38, which is the statute that governs the Hawaii Housing Finance and Development Corporation and gives the agency the power to exempt an affordable housing project from statutes, rules, and ordinances, among other things. It requires the County Council to approve, disapprove, or approve with changes within 45 days from the time HHFDC makes a determination. Mr. Neupane stated HCDA has had challenges on knowing what the process is if there are 201H-38 type projects in HCDA's Community Development Districts. Mr. Neupane stated this bill will require 201H-38 type of projects to come to the HCDA Board for consultation, creating an avenue for developers acknowledge the Community Development District. Mr. Neupane stated he believes it is a good thing, but there are some challenges. He stated, HCDA's permits are contested case hearings so they take a longer time and there is no way that HCDA can approve any permit in 45 days like the County, so the language in the bill states the developer has to consult with HCDA for an affordable housing project within the Community Development District that use the 201H-38 provision. Mr. Neupane stated HCDA is supporting it because it provides HCDA with a pathway to be able provide comments on those kinds of projects.

Member Lewis asked if there are any adverse impacts the bill could cause to HCDA.

Mr. Neupane responded he does not believe the bill has any adverse impact, but rather, provides HCDA the opportunity to provide comments on those kinds of affordable housing projects.

Member Sakoda stated he wants to ensure there is consistency in how HCDA is perceived and that HCDA is being consistent in how it is being treated and identifying itself as the entity to be involved with matters in which it has experience and expertise, otherwise HCDA will never know what it will get.

Member Lewis asked about procurement or cost, and if this is something that can be absorbed in the existing infrastructural budget of HCDA. He stated he does not know what kind of additional costs there are, but asked Mr. Neupane if there is impact in that regard.

Mr. Neupane responded there is impact, but with the Pulehunui and TOD Community Districts and Infrastructure builds, there needs to be CIP funding for the project.

Going back to the comment from Member Sakoda, Mr. Neupane stated there is a combination of both HCDA being seen as the agency that is able to do the infrastructure for these affordable housing projects, but at the same time, HCDA is also being asked to do these one-off type of projects, like the First Responders Technology Campus. Mr. Neupane added that there were bills moving through the House and the Senate that consolidate all the agencies with development powers within the State under DBEDT, so there may be an effort to bring everyone together under one supervision.

Mr. Neupane stated that Mr. Nakamoto will provide updates as the bills move forward. He added that staff will bring these legislative bills to the Board for discussion, but the Executive Director will provide testimony based on feedback from the Board.

Chair Todani stated she thinks it is good that Members are expressing their general comments and concerns.

Member Rodriguez joined the meeting at 9:45 a.m.

There were no further questions or comments from board members.

Public Testimony

Chair Todani noted, there were no inquiries to provide verbal and/or written testimony. She asked if there was anyone present in the zoom meeting who would like to provide verbal testimony. There was none.

IV. DECISION MAKING

- 3. Request to Authorize the Executive Director (or Interim Executive Director) to Enter into a Memorandum of Agreement (MOA) with the Hawaii Emergency Management Agency (“HI-EMA”) for the Hawaii Community Development Authority (HCDA) to Provide Project Management Assistance to HI-EMA Relating to HI-EMA’s Proposed Facility at the First Responder Technology Campus (“FRTC”) Project Site at Mililani, Oahu, TMK Parcel No. (1) 9-5-002:057.**

Mr. Nakamoto summarized the staff report and noted that the Director of HI-EMA, Mr. Luke Meyers, was present and available for questions. Mr. Nakamoto stated HCDA would be helping HI-EMA with procuring a design professional, retaining that design professional, and assisting phase one and two under the MOA. Mr. Nakamoto stated the extent of the work is limited to phase one and two, and as HI-EMA receives funding for other phases, this matter will be brought back to the Authority to seek approval to proceed with those other phases. Mr. Nakamoto added that he believes HCDA has the capacity to do the work for phase 1 and 2. He continued by

saying it would also be good to help HI-EMA because they do not have the resources or expertise to do this kind of work. Mr. Neupane added that the statute does allow HCDA to assist other agencies with this kind of work, and he has checked that with the Deputy AGs.

There were no questions or comments from board members.

Public Testimony

Chair Todani noted, there were no inquiries to provide verbal and/or written testimony. She asked if there was anyone present in the zoom meeting who would like to provide verbal testimony. There was none.

Motion

Member Lewis motioned for the Authority to authorize the Executive Director (or Interim Executive Director) to enter into a Memorandum of Agreement (MOA) with the Hawaii Emergency Management Agency (“HI-EMA”) for the Hawaii Community Development Authority (HCDA) to provide project management assistance to HI-EMA relating to HI-EMA’s proposed facility at the First Responder Technology Campus (“FRTC”) Project Site at Mililani, Oahu, TMK Parcel No. (1) 9-5-002:057.

Member Fang seconded the motion.

Mr. Nakamoto conducted the roll call vote. The motion passed with 13 in favor and 2 excused.

- 4. Request to Authorize the Executive Director (or Interim Executive Director) to Award and Execute a Three-Year Contract with Two One-Year Options to Extend to Cetra Technology, Inc., to Provide Information Technology (“IT”) Services for the Hawaii Community Development Authority’s (“HCDA”) Offices at the American Brewery Building, located at 547 Queen Street, Honolulu, Hawaii, in an Amount Not to Exceed \$91,000 in accordance with their Bid Form.**

Mr. Garet Sasaki, HCDA Administrative Services Officer, deferred to the written report and added, HCDA received a total of eight bids, the lowest bid was \$91,000 and the highest bid was \$578,000, and that the work is being contracted because it cannot be done by in-house staff. Mr. Sasaki continued by saying that the price of the lowest bidder is a reasonable amount. Mr. Sasaki added that the fixed portion for five years is \$66,000 and there is a \$5,000 allowance per year that may or may not be used, making the total maximum \$91,000.

Chair Todani asked if it is \$91,000 for a three-year contract.

Mr. Neupane stated it is \$91,000 for five years and added that the lowest contractor is a contractor that had been providing IT support to HCDA and understands the system and understands the level of effort that is required.

Member Ishii asked Mr. Sasaki if cyber security is part of the services being provided, as he is very concerned with the different cyber-attacks that have happened at other government agencies. Mr. Sasaki confirmed yes overall, but asked Member Ishii if there were specific items

within cyber security that he was referring to. Member Ishii stated he was really looking at it more from an advisory perspective because once infiltration occurs, there are different types of additional expenses such as forensic work. Member Ishii continued by saying he is looking at it more from a preventive perspective and wondering if there is monitoring involved, whether the contractor has or will go through the system to ensure that it is protected from a firewall perspective, whether there be training involved regarding phishing, and things of that nature. Member Ishii stated he is just wondering how extensive it will be, adding that the lowest bidder is not always be what is required from a protection perspective, especially with cyber security being so heightened at this point.

Mr. Sasaki thanked Member Ishii for clarifying and stated that yes, this vendor would look over the firewall and data security. Mr. Sasaki continued by saying that training is not included in this but is something that HCDA can get through DBEDT. Mr. Sasaki added that one of the first steps of a new contract is to sit down and get a baseline measurement, as the contractor will look through the systems and do a first evaluation of it. Mr. Neupane added that his understanding is that because the HCDA internet system is supported by the State system, there is security from ETS and they monitor it. Mr. Neupane added that if there is a phishing attempt, staff does get emails from DBEDT to warn them of this and the State's main IT office also monitors.

Member Lewis asked where this is coming out of the budget, as he does not see a \$91,000 line item. Mr. Sasaki stated that this comes out of HCDA's operating expense, which is the same budget that pays for things like the Xerox machines, office supplies, and is part of administrative expenses.

Chair Todani asked if only one-fifth of the \$91,000 would be in this year's budget.

Mr. Neupane stated it is not split line-item by line-item, it is just office operations, and the funding is from the Leasing and Management sub-account. He added by saying that account is used for all operational funding.

Member Lewis asked if this is within the budget. Mr. Neupane confirmed that it is within the budget.

There were no further questions or comments from board members.

**Member Rodriguez exited the meeting at 10:05 a.m.

Public Testimony

Chair Todani noted, there were no inquiries to provide verbal and/or written testimony. She asked if there was anyone present in the zoom meeting who would like to provide verbal testimony. There was none.

Motion

Member Fang motioned for the Authority to authorize the Executive Director (or Interim Executive Director) to award and execute a three-year contract with two one-year options to extend – to Centra Technology, Inc. to provide Information Technology (“IT”) services for the

Hawaii Community Development Authority's ("HCDA") offices at the American Brewery Building, located at 547 Queen Street, Honolulu, Hawaii, in an amount not to exceed \$91,000 in accordance with their bid form.

Member Leong seconded the motion.

Chair Todani called for a voice vote. The motion passed with 12 in favor and 3 excused.

5. Request to Dissolve the Permitted Interaction Group Established by the Authority on September 1, 2021 to Advise the Executive Director in Developing a Strategic Vision/Plan and Financial Management Plan and Make a Recommendation to the Authority, and Establish a new Permitted Interaction Group Pursuant to Hawaii Revised Statutes §92-2.5(b)(1) to Advise the Executive Director (or Interim Executive Director) in Developing a Strategic Vision/Plan and Financial Management Plan and make a Recommendation to the Authority.

Mr. Nakamoto stated this Permitted Interaction Group (PIG), will be a tool that will guide the work of the HCDA for many years. He added the current PIG was led by former Chairperson, Jason Okuhama, which is why staff is requesting to dissolve that PIG and establish a new one. Mr. Nakamoto closed by saying that up to seven Members would be permitted to participate.

Chair Todani asked Mr. Nakamoto to state which Members were on the previous PIG. Mr. Nakamoto stated it was Member Okuhama, Member Sakoda, Member Leong, and Member Tynanes.

Chair Todani asked if the following P.I.G. Members who are still on the board to continue:

1. Member Sakoda;
2. Member Leong, and
3. Member Tynanes.

They all agreed to continue. Chair Todani volunteered to add herself to the PIG and then asked for volunteers to fill the remaining available spaces. Members Rae, Lipe, and Ishii agreed to participate in the PIG.

There were no further questions or comments from board members.

Motion

Member Rae motioned for the Authority to dissolve the Permitted Interaction Group established by the Authority on September 1, 2021 to advise the Executive Director in developing a strategic vision/plan and financial management plan and make a recommendation to the Authority, and establish a new Permitted Interaction Group pursuant to Hawaii Revised Statutes §92-2.5(b)(1) to advise the Executive Director (or Interim Executive Director) in developing a strategic vision/plan and financial management plan and make a recommendation to the Authority.

Member Sakoda seconded the motion.

Mr. Nakamoto conducted the roll call vote. The motion passed with 12 in favor and 3 excused.

The following Members are on this Permitted Interaction Group: Member Sakoda, Member Leong, Member Lipe, Member Rae, Member Ishii, Member Tynanes, and Chair Todani.

V. REPORT OF THE EXECUTIVE DIRECTOR

6. Monthly Financial Highlights of December 2021

Mr. Nakamoto chose to stand on the written report and noted that Mr. Sasaki was available to answer any questions.

There were no questions or comments from board members.

Public Testimony

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

Prior to adjourning the meeting, Chair Todani acknowledged Executive Director Deepak Neupane's last meeting and shared Mr. Neupane's accomplishments at HCDA both in his role as the Executive Director and his prior role as the Kakaako Planning and Development Director. Chair Todani extended her aloha, thanks and well wishes to Mr. Neupane.

Member Lewis thanked Mr. Neupane for his generosity and the sharing of his time and expertise. Member Lewis noted that he was debriefed regarding Kalaeloa staff and commented that he would like to make sure the work in Kalaeloa will continue.

Mr. Neupane thanked Chair Todani and the Members and expressed his appreciation and final aloha to the Members.

Chair Todani also thanked and gave her best wishes to Ms. Susan Tamura, who worked at HCDA for more than 30 years and will retire at the same time as Mr. Neupane.

VI. ADJOURNMENT

There being no further comment or questions on the Report of the Executive Director, Chair Todani thanked those who joined the meeting on Zoom and adjourned the meeting at 10:28 a.m.

Wei Fang, Secretary

Date