

**STATE OF HAWAI‘I
HAWAI‘I COMMUNITY DEVELOPMENT AUTHORITY
AT-LARGE BOARD MEETING**

**Wednesday, May 1, 2024
MINUTES**

I. CALL TO ORDER/ROLL CALL

The Hawai‘i Community Development Authority (“Authority” or “Board”), a body corporate and a public instrumentality of the State of Hawai‘i (“State”) met in-person at the HCDA’s physical meeting site, American Brewery Building, 547 Queen Street, 2nd floor Board room and provided an option to attend virtually (utilizing the State-supported Zoom Meeting platform) for a Regular meeting on May 1, 2024.

Chairperson Chason Ishii called the May 1, 2024, HCDA At-Large Authority Regular meeting to order at 9:30 a.m.

Acknowledgment that the Meeting is Being Convened Virtually

Executive Director Craig Nakamoto reiterated the wording contained in the Meeting Agenda regarding the guidelines and directives provided by Section 92-3.7, Hawai‘i Revised Statutes, to enable public boards and commissions to conduct business virtually with a meeting site open to the public.

Regarding the foregoing, Mr. Nakamoto reiterated wording contained in the Meeting Agenda, noting that the HCDA welcomes public attendance via the Zoom link provided and also at the meeting site located at The American Brewery Building, 547 Queen Street, 2nd Floor Board room, Honolulu, Hawai‘i 96813. HCDA welcomes public comment and public participation via submission of written or oral testimony. Mr. Nakamoto stated that individuals, if any, from the public who had requested to provide testimony were on standby and would be permitted to speak during the public testimony session of the specific agenda item. Mr. Nakamoto also noted the time limits for public testimony.

Chair Ishii conducted the roll call. Those present and excused were as follows:

Members Present: Chason Ishii, Chairperson
Sterling Higa, Vice Chairperson
Peter Apo, Secretary
Melissa Miranda-Johnson, DOT (Ex-Officio)
Mark Anderson, B&F (Ex-Officio)
Tim Streitz, City & County of HNL DPP (Ex-Officio)
Mary Alice Evans, DBEDT (Ex-Officio)
Russell Tsuji, DLNR (Ex-Officio)
Kevin Sakoda
Jo-Ann Leong

Members Excused: Kate Blystone, Maui County Planning Department (Ex-Officio)

David Rae
Kaiwipunihei Lipe
Kaka‘ako Member (Vacant)
Kalaeloa Member (Vacant)
Pulehunui Member (Vacant)
Pulehunui Member (Vacant)

A quorum was present.

Legal Counsel: Kelly Suzuka, Deputy Attorney General
Kevin Tongg, Deputy Attorney General

Staff Present: Craig Nakamoto, HCDA Executive Director
Garet Sasaki, HCDA Chief Financial Officer
Lindsey Doi, HCDA Asset Manager
Francine Murray, HCDA Community Outreach Officer
Ryan Tam, HCDA Director of Planning & Development
Deepak Neupane, HCDA Program Specialist
Tommilyn Soares, HCDA Executive Secretary
Armaine Tomacder, HCDA Secretary

II. APPROVAL OF MINUTES
Regular Meeting Minutes of April 3, 2024

Chair Ishii asked for comments or corrections. There were none. The meeting minutes were approved as presented.

III. DECISION MAKING
Consider Authorizing the Executive Director to Initiate Administrative Rulemaking for the Ninety-Nine Year Leasehold Program as Provided in Hawaii Revised Statutes (HRS), 206E, Part XII, and Conduct Community Engagement and Public Hearings to Adopt the Rules Pursuant to HRS, Chapter 91 and Chapter 206E.

Mr. Deepak Neupane summarized the staff report included in the board packet. Act 97 of Session Laws of Hawaii 2023 establishes a 99-year leasehold condominium program within the HCDA to develop a low-cost, leasehold residential condominium project for sale to Hawaii residents on state-owned lands within an urban redevelopment site. Although a request for proposals (RFP) for this project was released in February 2024, no proposals were received by the submittal deadline and it was deemed impractical to resolicit the RFP. In order to encumber the funds prior to the lapse date of June 30, 2024, HCDA staff is following an alternative procurement method to retain a developer to perform pre-development work. Mr. Neupane is requesting to conduct community consultations in order to develop a draft of the administrative rules. Once drafted, the HCDA would schedule public hearings to present the administrative rules to the Board for adoption.

Member Tsuji joined the meeting at 9:35am.

Secretary Apo asked why the term limit is set at 99 years, as it seems to be a common practice for long-term leases.

Though not certain about the official origin of the “99-year lease terms,” this term length allows enough time for three successive 30-year mortgage terms to occur. Mr. Neupane and Chair Ishii added that this practice is also found outside of the United States, and considers multi-generational benefits.

Executive Director Nakamoto added that HCDA met with Senator Chang who authored the Act, to keep him informed and updated on the progress of this project.

Member Streitz asked if the administrative rules would only apply to the 99-year leasehold pilot program, or if it could apply to other leasehold projects as well.

Mr. Neupane answered that the administrative rules are designed for the 99-year leasehold pilot program, though it could be applicable to other projects if the pilot is deemed successful. He mentioned that the Act only mentioned State lands but not County lands, so the county may have to sell or transfer land to the HCDA in that scenario.

There were no further questions or comments from the Board.

Public Testimony

Chair Ishii called for public testimony. There were no inquiries to provide oral testimony, and no written testimonies were received.

MOTION:

Chair Ishii asked for a motion to authorize the Executive Director to initiate administrative rulemaking for the Ninety-Nine Year Leasehold Program as provided in Hawaii Revised Statute (HRS), 206E, Part XII, and conduct community engagement and public hearings to adopt the rules pursuant to HRS, Chapter 91 and Chapter 206E.

A motion was made by Vice Chair Higa and seconded by Member Leong.

Mr. Neupane conducted the roll call vote. Motion passed with 10 ayes, 3 excused, and 4 vacant positions.

IV. INFORMATION & DISCUSSION

Legislative Update on the following measures:

- i. H.B. 2361, H.D. 1, S.D. 1, Relating to the Hawaii Community Development Authority (Interagency Assistance)**
- ii. H.B. 1800, H.D. 1, S.D. 2 Relating to the State Budget (operations and capital improvement projects for Iwilei-Kapalama, UH West Oahu, Kalaeloa, Saratoga Road, and Heeia)**

Executive Director Nakamoto and CFO Gareth Sasaki summarized the legislative updates on the following measures:

- **H.B. 2361, C.D. 1:** This bill provides housekeeping and clarifying language regarding HCDA’s assistance to other state and county agencies. This bill was brought to conference with discussions on the effective date and language used. The effective date will be upon approval of the bill, and the language will use “may assist” terminology rather than “shall assist”.
- **H.B. 1800, C.D. 1:** In the State Budget bill, CD1, HCDA’s operating budget includes the addition of two Program Specialist V positions at 100% funding. HCDA’s operating budget also includes the supportive housing project in Kaka‘ako, *adjusted to \$5 million*. HCDA’s CIP budget includes the following projects: 1) He‘eia Stream access road, \$1 million; 2) Historic Kaka‘ako Pumping Station roof and building repairs and maintenance, \$2 million; 3) Community facility, *adjusted to \$5 million*; and 4) Saratoga electrical upgrades, \$12.125 million. HCDA’s CIP budget requests not included were: 1) UH West Oahu onsite infrastructure, \$25 million; 2) Kewalo Basin Harbor repairs, \$20 million; 3) Act 221 climate change adaptaion and rulemaking for Kaka‘ako and Kalaeloa, \$1 million; and 4) Lihue transit-oriented development infrastructure master plan, \$500,000. The Governor will notify the Legislature on June 25, 2024 of any bills he intends to veto, so HCDA is on standby for passing.

Chair Ishii asked if there are any plans within the State to put together a study on sea level rise.

ED Nakamoto answered that despite HCDA’s denied request for \$1 million to do the rulemaking as a result of Act 221 last year, HCDA plans to still carry out the rulemaking for sea level rise in Kaka‘ako and Kalaeloa.

Member Evans added that the Office of Planning and Sustainable Development (OPSD) is receiving federal funds to perform a study of regional shoreline management policies as well as a study focused on public facilities within the 3.2 sea level rise exposure area, which they have already started and will be able to provide guidance to the relevant State agencies and commisions.

There were no further questions or comments from the Board.

Public Testimony

Chair Ishii called for public testimony. There were no inquiries to provide oral testimony, and no written testimonies were received.

Findings and Recommendations of the Permitted Interaction Group Established at the At-Large Board Meeting Held on April 3, 2024, for the Purpose of:

- Conducting the Executive Director’s Annual Performance Review, and**
- Establishing the Executive Director’s new 1-, 3-, and 5-year goals and accordingly amend the Agency’s Strategic Plan adopted by the Authority at the September 6, 2023, General Authority Meeting.**

Executive Director Nakamoto presented the current second draft of the strategic plan, revised from the version presented at the April 3, 2024 meeting. This second draft reflects HCDA goals outstanding from the past year as well as new goals that HCDA plans to achieve within one, three, or five years. The third draft of the strategic plan will be presented at the June 5, 2024 General Authority meeting for Board approval, as well as further recommendations from the permitted interaction group and the dissolution of the permitted interaction group. The permitted interaction group also discussed the Executive Director’s annual performance review and possible compensation adjustment.

Chair Ishii suggested that HCDA should add as a one-year goal, to create a development plan for HCDA-owned property or future-acquired properties.

There were no further questions or comments from the Board.

Chair Ishii called for a motion for the Authority to convene in an executive session, pursuant to HRS § 92-5 (a)(2) to consider the evaluation of an employee, where consideration of matters affecting privacy will be involved. The Authority will reconvene its regular meeting to discuss the Executive Director’s 1-, 3-, and 5-year goals and Strategic Plan following the executive session.

A motion was made by Member Evans and seconded by Vice Chair Higa.

There was no discussion on the motion. Chair Ishii called for a voice vote; all members unanimously affirmed. Chair Ishii requested the following individuals to join the board in the Executive Session: HCDA Executive Director, Craig Nakamoto; HCDA Chief Financial Officer, Garet Sasaki; HCDA Deputy Attorneys General, Kelly Suzuka and Kevin Tongg; and HCDA Staff Members, Francine Murray and Tommilyn Soares.

Pursuant to Section 92-5(a)(2), Hawaii Revised Statutes, the Authority convened in Executive Session at 10:07 a.m.

The Authority met in Executive Session until 10:38 a.m..

Chair Ishii reconvened the public meeting at 10:38 a.m.

Chair Ishii summarized that the permitted interaction group members shared with the other board members their evaluation of the Executive Director’s performance for the past year and a possible compensation adjustment. No votes were taken, and no decisions were made.

Executive Director Nakamoto thanked Deputy Attorneys General Kelly Suzuka and Kevin Tongg for their reviews and guidance during the 2024 Hawaii Legislative Session.

There were no comments or questions from the Board.

Public Testimony

Chair Ishii called for public testimony. There were no inquiries to provide oral testimony, and no written testimonies were received.

V. REPORT OF THE EXECUTIVE DIRECTOR

Monthly Report and Other Status Reports

- a. Information/Update: Senate Confirmation Hearing for the Kaka‘ako, Kalaeloa, and Pulehunui Community Business Representatives**
- b. Monthly Financial Highlights for March 2024**

Executive Director Nakamoto summarized that the nominees for the Kaka‘ako, Kalaeloa, and Pulehunui community business representatives were voted favorably on by the Senate. Subject to their signing the oath of office, the new board members will begin their term on July 1, 2024.

Member Streitz asked if there are any remaining vacant seats on the Board.

Executive Director Nakamoto answered that the Pulehunui resident board member seat is vacant, and all TOD Board member seats are vacant. Executive Director Nakamoto plans to work with the Senate and House Water and Land Chairs and Member Evans to possibly restructure the TOD Boards, in hopes that these changes will help fill the TOD Board vacancies.

Member Evans asked, if funded, would the water reclamation facility in Pulehunui connect to the county wastewater transmission lines to assist with meeting the county’s wastewater capacity needs?

Executive Director Nakamoto mentioned that the congressionally directed spending request would not be able to fund the construction, but that this is not an urgent matter as Maui County plans to construct their wastewater facility in 2029, approximately.

CFO Garet Sasaki reported that there is no significant activity to report, but highlighted that the board packet outlines various sub-funds within Kaka‘ako that are potential sources of funding to acquire properties, in addition to any funding from the Legislature.

There were no further questions or comments by the Board.

Public Testimony

Chair Ishii called for public testimony. There were no inquiries to provide oral testimony, and no written testimonies were received.

VI. ADJOURNMENT

Chair Ishii thanked those who joined today’s meeting on Zoom and adjourned the meeting at 10:45 a.m.

Peter Apo, Secretary

Date Approved by the Board