

SUMMARY - MEETING NO. 303
HAWAII COMMUNITY DEVELOPMENT AUTHORITY
State of Hawaii

AMENDED

March 1, 2006 – 9:00 a.m.

Hawaii Community Development Authority
677 Ala Moana Boulevard, Suite 1000, Conference Room
Honolulu, Hawaii 96813

ATTENDANCE

Members Present: Barry Fukunaga (for Rodney Haraga, DOT); Michael Goshi; Paul Kimura; Gary Kondo; Jonathan Lai; Theodore Liu (DBEDT); Kay Mukaigawa; Stanley Shiraki (for Georgina Kawamura, B&F); and Katherine Thomason (for Russ Saito, DAGS).

Kalaeloa Members: William Aila, Jr.; Henry Eng (DPP); and Maeda Timson.

Members Absent: Grady Chun; James Kometani; Evelyn Souza (Kalaeloa Member); and Micah Kane (DHHL, Kalaeloa Member)

Others Present: Daniel Dinell; Melvin Nishimoto (Deputy AG); Matthew Akamu; Gloria Chong; Stanton Enomoto; Pearlyn Fukuba; Neal Imada; Richard Kuitunen; Cal Machida; Steve Miyamoto; Teney Takahashi; and Jill Sugihara; (also, see Meeting Attendance Record).

I. ROLL CALL

Vice Chairperson Goshi stated that Chairperson Kometani was out of town and that he would be conducting the meeting. The meeting of the Hawaii Community Development Authority (HCDA) was called to order on March 1, 2006, by Vice Chairperson Michael Goshi at 9:00 a.m. with the following roll call:

Vice Chairperson Goshi	Present
Member Fukunaga	Present
Member Kimura	Present, Left at 10:25 a.m.
Member Kondo	Present

Member Lai	Present, Arrived at 9:50 a.m.
Member Liu	Present, Arrived at 9:10 a.m.
Member Mukaigawa	Present
Member Shiraki	Present, Arrived at 9:05 a.m.
Member Thomason	Present
Member Aila	Present
Member Eng	Present, Left at 10:25 a.m.
Member Timson	Present, Left at 10:25 a.m.

MATERIALS DISTRIBUTED

1. Agenda for March 1, 2006, Meeting;
2. Summary Minutes of Authority Meeting of February 1, 2006;
3. Report of the Executive Director;
4. Kalaeloa Status Report;
5. Information Item: Housing Subcommittee Report;
6. Action Item: Recommendation to Adopt the Kalaeloa Master Plan;
7. Action Item: Recommendation to Approve the Expenditure of Planning and Revolving Funds and Authorization for the Preparation and Promulgation of Community Development Rules for the Kalaeloa Community Development District;
8. Action Item: Recommendation to Approve the Revocable Lease on Land at Pier 2 for Passenger Cruise Ship Gangway System;
9. Action Item: Recommendation to Approve the Authorization of the Executive Director to Expend General Obligation Bond Funds for Improvements to the Open Channel and Box Drain Culvert in the Makai Area;
10. Action Item: Recommendation to Approve the Authorization of the Executive Director to Expend General Obligation Bond Funds and Kakaako Revolving Funds for Improvements to Kewalo Basin including the Construction of a Westbound Entrance;
11. Executive Session: Proposed Settlement in the American Brewery Lawsuit with Media Five's Subcontractor, CJS Group – Architects, Ltd., Pursuant to Section 92-5(a)(4), HRS (confidential information); and
12. Errata Sheets for Kalaeloa Master Plan Technical Appendices (distributed to Members at the meeting).

II. APPROVAL OF MINUTES

1. Minutes and Summary

Vice Chairperson Goshi asked if there were any corrections to the minutes of the regular meeting of February 1, 2006. There were no corrections and it was moved by Member Aila and seconded by Member Kondo to approve the minutes as written. The motion passed 9 to 0 with 3 excused (Members Lai, Liu and Shiraki).

III. REPORT OF THE EXECUTIVE DIRECTOR

Daniel Dinell noted that the full Executive Director's report was enclosed in the packet distributed to the Authority Members, and highlighted and updated the following:

- Mr. Dinell reported that Improvement District 11 (ID-11) construction will start later this month. Although the City and public utility companies have yet to approve the final plans, construction will begin on portions of the plan that are not subject to further modification by the City or the utility companies. In February, the contractor, Kiewit Pacific, sent HCDA a notice that they will submit a monetary claim for delay, prompting staff to start. Parking has been arranged and one-on-one meetings have already started with affected businesses to inform them of schedules.
- To follow-up on Member Kimura's question at the February meeting, the portion of Queen Street near Office Max was constructed by HCDA as part of the Kamekee Vista project. It has not yet been dedicated to the City and the street is still owned by HCDA. The City installed the parking meters and is collecting the revenue.
- Mr. Dinell routed to Members a letter from the Santo Nino Festival and Parade, thanking HCDA, and in particular Richard Kuitunen and Richard Kanemoto of the Asset Management Section, for helping the Filipino Centennial Parade. Mr. Dinell noted that it was especially gratifying to receive such accolades recognizing staff's hard work.
- Mr. Dinell introduced Gloria Chong who will be joining HCDA as an Asset Management Specialist. Ms. Chong has previous experience running the Kaimuki Technology Center and was Administrative Services Officer for the High Technology Development Corporation.

- Staff continues to track and testify on measures that may affect HCDA at the Legislature. To increase transparency and assist the public in understanding HCDA's position, testimony and bill tracking is posted on HCDA's website.

The following legislation affects HCDA as a whole:

- The bill to abolish HCDA was deferred in the Senate and the House has no similar vehicle. Mr. Dinell reported that feedback received on HCDA is positive; therefore, this legislation appears dead.
- Senate Bill 2090 changes a number of HCDA practices. 1) Requires legislative review and approval of the community development district plans (currently, after the Authority approves it, the Governor approves or rejects the plan). 2) Requires the Authority to post public notice of proceedings and its meeting minutes on the website (this is currently being practiced). 3) Requires the Legislature to specifically appropriate Improvement District funds (currently being practiced). 4) Requires action to be taken at a meeting separate from public hearing (in the past, the Authority has taken action at the same meeting, but will try not to do so in the future).
- Senate Bill 2487 would add two more members to the Authority, each would be named by the Governor from lists generated by Speaker of the House and Senate President. The bill is moving through the Senate and the next stop is the Senate floor.
- Also moving in the Senate is Senate Bill 3009 which converts existing exempt HCDA staff positions to civil service. Staff is coordinating with the Department of Human Resources on this because an extensive study was done a few years ago recommending this not occur.
- The House is moving House Bill 2112 which requires legislative pre-approval prior to the sale of public lands. While exemptions with regard to utility easements, remnants, and dedication to other governmental entities

were made in the bill, staff is further researching the potential impact. HCDA's position has been to try to understand the legislative policy goals, and to point out the implications as some measures may adversely impact the ability to do what the agency was established to do.

- The Senate is moving Senate Bill 2476 which requires legislative pre-approval not just for land sales and exchanges, but leases longer than month-to-month. They did make exceptions for easements as well as sales to any government agency or public utility company, remnant parcels that have no economic use, and activity in the reserved housing program.

Legislation affecting Kakaako specifically are:

- Senate Bill 2550 was heard by the Senate Ways and Means Committee on February 28, 2006. The bill places a moratorium on infrastructure and street improvements in the Kakaako Central Small Business District, which is roughly the area bound by Kapiolani Boulevard, Cooke, Piikoi and Auahi Streets. ID-11 is in this area.
- Legislation to transfer Piers 1 and 2 to the Department of Transportation (DOT) is moving in both the Senate and the House. Lands Ewa of Forrest Avenue will be transferred from HCDA to DOT and the Foreign-Trade Zone. HCDA is not opposing, but is stressing that it would be wise to still have holistic planning for infrastructure.
- House Bill 2555 prohibits the sale of any fee interest in State land Makai of Ala Moana Boulevard and authorizes the issuance of revenue bonds for development of HCDA controlled lands in the Makai area. This bill is currently in the House Committee on Finance.
- Also in House Finance is House Bill 2479 which authorizes the University of Hawaii to enter into an

agreement with a private developer to construct a parking structure in the Kakaako Makai Area.

- Legislation to reimburse A&B Properties, Inc. is dead; it was held in the Senate and similar legislation was never heard in the House.
- House Concurrent Resolution 30 has been introduced urging the HCDA to immediately rescind any contract or agreement awarded, or commitment made, to A&B Properties, Inc., for the development of the Kakaako Waterfront area. This resolution was heard on February 27, 2006, and decision making is scheduled for March 3, 2006.

Legislation relating to Kalaeloa:

- House Bill 2833 calling for a prison in Kalaeloa is moving, but without the prison designation.
- Senate Bill 2541 makes an appropriation for the construction of infrastructure for the Kalaeloa District. The amount is not specified, but it was heard by the Senate Committee on Ways and Means.
- House Bill 994, a holdover from last year, issues an income tax credit for a motor sports facility, but the reference to Kalaeloa has been removed.

Legislation on affordable housing which calls for taking anything but units in the same project may cause HCDA problems. It would limit the flexibility that has actually resulted in more affordable/reserved units being created. An Authority Subcommittee is examining this issue and is considering how it applies to both community development districts.

Mr. Dinell reported that a tour was conducted for the House Committee on Economic Development and Business Concerns on February 27. The ten-person group visited various examples of Kakaako high technology activities. Invitations to receive a briefing on HCDA plans and potentially tour Kalaeloa or Kakaako have been extended to the Chairs of both the House and Senate Committees on Water and Land.

- There will be increased activity in a month or two at the Historic Ala Moana Pump Station as workers will be replanting palms and a small parking area will be created on the Diamond Head side of the lot. The plan is to rent out the parking spaces to generate revenue to help restore and stabilize the Pump Station. At next month's Authority meeting, an update on the Pump Station will be given.
- In January's financial report, there were several rounding errors in the statement distributed in the packet. None are substantial but Mr. Dinell asked if anyone wanted a corrected version to advise him.

Vice Chairperson Goshi asked if there were any questions for Mr. Dinell.

Member Kimura questioned what work exactly was going to be started on ID-11.

Mr. Dinell responded that construction will start with the drainage on Kamakee Street. The area currently floods. On the Diamond Head side on the corner of Kamakee and Queen Street, a catch basin will be installed for drainage. Parking lots will also be set-up which are required before the project moves forward.

Member Kimura asked about the actual construction of the street where businesses occupy.

Mr. Dinell replied that it is not part of the initial plans. Staff is working with the City to get the final plans approved. Staff would like to start on the areas that are not subject to change which includes the catch basin. The area is prone to flooding as demonstrated by recent heavy rains.

Member Kimura commented that Senate Bill 2550 is aimed at ID-11 and the Authority would look foolish if the bill passes and construction on ID-11 has already started. He stated that the Authority should wait until the outcome of the bill is settled.

Mr. Dinell stated that the bill referenced would prohibit or place a moratorium on infrastructure improvements in that area for a period of a year. However, the distinction is that ID-11 is already contracted. The bill doesn't say that contracted work cannot proceed. From staff's point of view, waiting for that legislation is not going to change HCDA's contractual obligations with Kiewit Pacific, which was awarded the bid.

Member Kimura asked, in Mr. Dinell's view, if ID-11 is not included as part of the moratorium.

Mr. Dinell responded that the ID-11 roadwork is in the area delineated in the bill; however, it is different in the sense that the legislative branch legislates and sets the policies, the

executive branch implements the policies, and in this case, the ID-11 contract has already been awarded. The Legislature needs to be very specific if they want HCDA to overturn the contract, which may raise some legal issues. Mr. Dinell asked Melvin Nishimoto, Deputy Attorney General (AG), to address that issue.

Deputy AG Nishimoto responded that there are some legal issues involved. He stated that if the legislation passes it would not go into effect until May, June, or July of this year. Since the contract has already been awarded, the Authority can go ahead and give notice to proceed. It is uncertain whether the bill will pass the Legislature and the Authority has already approved the project, which is why Mr. Dinell is saying that HCDA can proceed.

Member Kimura wanted to clarify that construction will start with Diamond Head side of Kamakee Street where the drain is not functioning properly and asked what was next.

Mr. Dinell responded in the affirmative and stated that at the same time, staff is working on setting up the parking and working with the City to get the final plans signed.

Member Kimura asked whether it was correct that until the plans are straightened out with the City and the parking with the businesses, Kiewit Pacific will not start to tear up the road.

Mr. Dinell replied that work cannot start on the roadway without the City's approval.

Vice Chairperson Goshi requested that the record reflect that Members Shiraki and Liu were in attendance.

Member Fukunaga asked about the status of the Cancer Research Center (CRC) and what was the University of Hawaii's intent in not responding.

Mr. Dinell stated that he could not speculate and that staff was just reporting that there has been no update and have not received any report.

Member Liu stated that he could provide some information. He stated that the University is in receipt of a business plan that its consultants have put together for the CRC and other facilities in the area. The Authority asked for a copy of the business plan several times. However, the University is not comfortable in releasing it because it is still in deliberation with the Board of Regents. Member Liu spoke to Gary Ostrander, Vice Chancellor for Research, and it seems that the plans are in flux; at issue is whether or not there is going to be a Cancer Center on that site or whether or not they move it to Phase II of the John A. Burns School of Medicine (JABSOM). The pieces are all moving until Phase II of JABSOM is settled. A lot of it is driven by numbers, and a lot is driven by the viability of the research component, clinical component, and physician's office component; all of which are part of the plan. The University also has to answer the question of whether the entire project is economically viable and whether or not they can fill in the holes in terms of capital, grants,

and private sector funding. Since all that is uncertain, the University doesn't have a final view as to what will be on that site and it is questionable when that information will be presented to HCDA.

Member Fukunaga asked whether there were alternative plans for disposition of that area.

Mr. Dinell responded that HCDA has an agreement with UH for five years for conditional use of the site for parking.

Member Fukunaga commented that HCDA would then just observe their use of the area for parking and questioned what would happen if the University failed to come up with some kind of plan for the project.

Member Liu stated that the Authority may cancel the development option.

Mr. Dinell noted that the Authority asked the University to brief the Authority in June after the Legislative session ends to report on the status. The agreement for the exclusive negotiations expires on its own accord on August 31, 2006.

Member Liu stated that a bill is under consideration that would increase the cigarette tax with portions of the monies going to the CRC, which might fill in the capital needs as identified by the business plan.

Member Fukunaga asked if that issue wouldn't be part of the monthly status report that the University is supposed to give to staff.

Mr. Dinell responded that staff has sent correspondence to the University asking them to provide HCDA with a monthly status report, but have received nothing. Mr. Dinell asked if the Authority wanted him to pursue this issue with the University.

Member Fukunaga commented that he could understand the complexity of the situation but, nonetheless, it would be proper for the University to keep the Authority apprised of its plans or difficulties.

Member Shiraki advised that he has met with the University on this project to look at its financing.

Mr. Dinell stated that he would take it upon himself to follow up with the University; noting that the Authority wants the monthly report, will give it more weight.

Vice Chairperson Goshi asked if there were further questions. There were none.

IV. ITEMS FOR INFORMATION

A. Kalaeloa Status Report

Stanton Enomoto summarized the Information Item distributed to the Authority concerning this matter.

Mr. Enomoto stated that the first two items of his report regarding the Master Plan and Community Development Rules would be presented later as Action Items.

With respect to staffing and the field office in Kalaeloa, Program Specialist, Pearlyn Fukuba has been setting up the office and recently moved furniture and equipment from Kakaako to Kalaeloa, repainted the walls, and cleaned the office.

On February 3, 2006, the Department of Defense released its 2006 Quadrennial Defense Review (QDR). It was anticipated that a decision on the homeporting of an aircraft carrier strike group would be listed in that report. However, the report only contained a general acknowledgement of the need to strengthen the U.S. military presence in the Pacific. Also, the President's 2007 defense budget to Congress did not include funding for the relocation of a carrier to Hawaii. However, Congress may decide to amend the budget for such an action in the future.

Vice Chairperson Goshi asked if there were any questions. There were none.

B. Kalaeloa Navy Report

Mr. Enomoto introduced Tom Allison, real estate specialist with the U.S. Navy, who worked on the short term leasing program in Kalaeloa. Fact sheets for the leasing program were included in the Members' packets.

Mr. Allison explained that the Navy is taking this action on an interim basis for the properties tied to the Ford Island Master Development Agreement. In 2003, the Navy executed the Ford Island Master Development Agreement with Ford Island Properties (formerly Fluor Hawaii) that was based on legislation that allowed the Navy to sell or lease various properties around Oahu with proceeds from those transactions being used to develop Ford Island. At the time the Navy executed the agreement, a number of parcels of property were identified at the former Naval Air Station that were offered for

sale in the transaction. Hunt Building Company bought four of the properties that contained housing areas. The remaining parcels were identified as potential sales and included as part of an exclusive brokering agreement with the master developer. When the properties are sold, those proceeds will go to benefit the development of Ford Island.

After the execution of the agreement, the issue of the potential carrier homeporting in Hawaii arose and the sale of the parcels was put on hold. The brokering agreement is still in place, but pending the outcome of whether or not the Navy needs the use of the properties.

In the meantime, several of the properties along the northern boundary along Roosevelt Avenue along with a few in the industrial area and around the housing area are vacant, but others are currently being used. Users that are occupying these premises know that at the time of the sale they may have to relocate. The properties that are occupied are not in disrepair. The ones that are vacant have been seriously degraded by normal deterioration due to the lack of presence in the buildings.

Pending the decision and potential action on the carrier, the Navy decided to make the land and vacant facilities available for short term lease. The leases would not extend beyond the end of 2009, which would be the earliest time that the Navy would need the property. If there is a decision to go ahead with the sale, the current tenants would be part of the real estate transaction to the new owner.

Last summer, an attempt was made to move forward with a sale of a few parcels, but that was also put on hold not only in continuation of the carrier decision, but pending the zoning that would result from HCDA's Master Plan. At the present time, the Navy is moving ahead with the environmental clean up to make the properties suitable for transfer if sold. Once that environmental clean up is done and if the sale of the properties is still on hold, those properties would also be made available for short term lease.

The short term leasing program is being coordinated through the master developer, Hunt Building Company (Hunt), which has retained Colliers Monroe Friedlander to market the properties. The initial response has been overwhelming and continues to grow daily. Two buildings (hobby shop and auto repair facility) appear to be the easiest to lease initially.

Hunt will provide the upfront cash to pay the broker, install the utility meters, and make the utility hook ups with the Public Works Department. Since it is a short term program, the existing meters that previously serviced those

properties will be used and repairs or additions as necessary will be made to allow the Navy to lease the properties.

After Hunt is able to recoup its upfront investment, the balance will be used by the Navy to obtain support services such as grounds maintenance, or building repairs, or whatever is necessary to maintain the property, especially those areas that aren't leased and could fall into disrepair.

Mr. Allison asked if there were any questions.

Member Timson stated that she had a problem with the short term leasing program. The area hasn't been in use since it closed and facilities are in non-compliance with City standards. Member Timson wanted to know whether the City would go in and make sure the area was safe and sound now that the buildings would be leased out. Her concern was if the general public would be coming into the area, would the City's Honolulu Police Department (HPD), Honolulu Fire Department (HFD), and the Emergency Medical Service (EMS) have authority to respond.

Member Timson conveyed a situation that happened a few weeks ago where she was called on a Sunday by HPD because they did not know who had jurisdiction of a particular property in Kalaeloa.

Mr. Allison stated that the Navy is still in the process of figuring out how the first lease will be executed. The properties are not part of the Base Realignment and Closure (BRAC) action; the properties are still owned by the Navy. When it comes to public safety, the Navy Security Forces (the Federal Police) will be responsible for responding, but there may be a jurisdictional handoff with the City and County depending on the incident and where it occurs.

Member Timson responded that someone needs to inform the Federal Police of this because the property in question still belonged to the Federal Government and they did not want to give authorization to HPD to pursue a complaint. She then asked when the first lease is expected.

Mr. Allison replied that the Navy is hoping to have it in place in two months. Issues of safety and who responds have to be finalized before the leases can be put in place.

Member Timson commented that she thought a two-month period was aggressive for all the problems and concerns that the Authority has. She cited that the streets are not standard and there is not enough lighting. There are

public safety issues that need to be addressed. Member Timson invited Mr. Allison to attend HCDA meetings regularly and to be available to the Kapolei Neighborhood Board meetings to present information.

Member Aila asked whether anyone was going to pursue Memorandums of Understanding with the different agencies like the police.

Mr. Allison responded that he was not sure how it was going to transpire.

Member Aila requested for Mr. Allison to return to provide the Authority with an update on what those mechanisms would be because of the cross jurisdictional situations involving the police, fire department, and EMS. He asked when the property was leased to a private entity, would it then no longer be considered federal lands and subject to the jurisdiction of the County and HCDA.

Mr. Allison replied that the leases are to private entities, but it would still be owned by the Federal Government and remain its responsibility.

Member Aila gave an example of a trespass and wanted to know whether it would be handled by the State judicial system or Federal judicial system.

Mr. Allison stated that at next month's meeting, he would try to get a representative who could talk about those concerns. He commented that the reason for the recent program is not because the Navy wants to make a profit, but to have a presence in the facilities for general security and maintenance. At some point, if there is a positive return, then further care can go into the buildings. He stated that there are already people using the streets and did not think it would increase the density of the traffic.

Member Timson cited the Chapel as an example of the increase in the population and traffic. The streets are currently dark, narrow and not in compliance. The most important point that Member Timson wanted to make is that the Navy doesn't work with the Authority or the community. The Navy just says they are going to lease out the parcels and they don't get any input from HCDA or the community.

Vice Chairperson Goshi asked if there was any potential for non-profits to be part of the leasing program to provide community benefits.

Mr. Allison replied that the Navy hasn't specified any particular facility. But the chapel is expected to be leased to a church or similar organization.

Member Aila asked if the Navy could provide an executive summary of the environmental assessments that was referred to.

Mr. Allison responded that the environmental action that is currently taking place is a continuation of the clean up that will bring all of the properties to residential status.

Member Aila once again asked him to provide the summary.

Mr. Allison replied in the affirmative.

Member Eng stated that he thought Member Timson made some very good comments. The discussion underscores the paramount need for coordination. He didn't think that she should have to take a call on Sunday, to determine which police force has jurisdiction. Member Eng commented that the agreements need to be made so that everybody has a clear understanding of where to go when problems arise. He agreed that two-months is aggressive and that it will take time to iron out the various arrangements.

Member Fukunaga commented that it should have been accomplished a long time ago. There should be some sort of underlying agreement that continues to exist irrelevant of the fact that there are no occupants. Something is basically wrong if it hasn't progressed beyond that. If the Navy has a development plan, with the disposition of these areas, that should be discussed so that there is a coordinated goal. Member Fukunaga understands that currently, the intention is to relegate the properties back to the kind of functions that they were previously used. But questioned beyond that what is envisioned after the five years.

Mr. Allison stated that it is not a development plan but a short term occupancy plan.

Vice Chairperson Goshi questioned if the Navy returned to the area what would happen and asked if the Navy could return next month to elaborate on that.

Mr. Dinell said that he was going to suggest that staff work with Mr. Allison and Navy officials to return to the next meeting in order to respond to the various concerns expressed by Authority Members. The Navy should also solicit community input, as suggested by Member Timson and as pointed out by Member Eng, to move toward agreement on what should be done. HCDA's role can be as the facilitator.

Member Timson commented that it doesn't matter that it is not a development plan. If people are coming into the area, the community is going to be affected.

Member Mukaigawa commented that if the intent was only for presence to get warm bodies into the facilities, maybe consideration should be given for month-to-month leases instead of one to four years.

Mr. Allison commented that the outlook for the potential future need of the properties by the Navy would be closer to the end of the decade which is why it was established with an end date of 2009. The problem with month-to-month leases is the cost to get the buildings up in operational mode by hooking up the utilities, installing meters, and back flow preventer; it could easily cost \$10,000 or more.

Vice Chairperson Goshi requested that the record reflect that Member Lai was in attendance.

C. Housing Subcommittee Report

Teney Takahashi summarized the Information Item distributed to the Authority concerning this matter.

Mr. Takahashi reported that the Housing Subcommittee met on February 15, 2006, and included Members Anderson, Lai, Mukaigawa, and Shiraki together with Chairperson Kometani and members of HCDA staff. The primary agenda item was the reserved housing rules. The bulk of the meeting was spent on the history of HCDA's development rules and definitions with the focus on the following general items:

1. The need to develop more affordable reserved units in Kakaako.
2. How density constraints and rules impacted a developer's ability to produce these units.
3. Whether HCDA's rules and guidelines produce a pleasant pedestrian experience.
4. What would convince families to choose urban living as opposed to single-family homes.
5. The need to develop a housing program for Kalaeloa now, so it can be incorporated in the Kalaeloa plans and rules.

The Subcommittee requested a list of policy questions or issues and this was compiled and sent out. The Subcommittee will provide input and feedback to the Executive Director by March 6, 2006. HCDA's staff will then respond

and provide technical input in preparation for the next Subcommittee meeting. Anyone, including members of the public, may send their suggestions to HCDA staff at contact@hcdaweb.org. The Subcommittee is planning to submit its recommendations for consideration by the full Authority by the month of July.

Vice Chairperson Goshi asked if there were any questions. There were none.

V. ITEMS FOR ACTION – DISCUSSION AND/OR DECISION MAKING

2. Recommendation to Adopt the Kalaeloa Master Plan

Stanton Enomoto summarized the Action Item distributed to the Authority and presented the staff's recommendation.

Mr. Enomoto gave the background of the project and explained that the old plan was completed in 1997 and was outdated. Since that time, there have been a lot of changes in and around Kalaeloa with new private development projects and other things happening in the area. A lot of the land conveyances have been put on hold awaiting the Navy aircraft carrier decision. Some of the problems with transitioning the land from the Federal Government have been the issue of land use entitlements.

Kalaeloa is at an important juncture and HCDA sees the need to be proactive rather than reactive. In May 2005, the Authority adopted a Strategic Plan for Kalaeloa which set the vision for the area as a center for excellence within the Ewa district. Staff is moving forward with that vision to complement other private sector developments that are in the surrounding areas as well as position Kalaeloa in relation to the Navy's plans. Kalaeloa also needs to be integrated with State and City and County projects; for example, the high capacity transit corridor project that has the potential to assist in the development of Kalaeloa.

The Legislature transferred the former Barbers Point Naval Air Station (BPNAS) community development district to HCDA in 2002 with Act 184. In May 2005, a Strategic Plan was established to complement the existing State statute and articulated a clear vision and mission as well as priority actions. One of the important actions was a preparation of a redevelopment plan to update the 1997 plan, which is being requested for adoption by the Authority today. Following this is the promulgation of community development rules and there is also an Action Item to request the expenditure of funds in that regard.

On May 3, 2005, staff issued a notice to proceed to Belt Collins to begin the Master Plan. Community and stakeholder meetings were held in May, July and August of 2005, and updates and presentations were made to three neighborhood boards in the Ewa District. Briefings were also provided to various area groups, such as the rotary clubs in Kapolei and Waianae. Federal, State, and City agencies as well as the Hawaii Congressional delegation, State elected officials, and City Council and executive branch officials were briefed. Meetings were also held with area developers and utility companies.

A draft Kalaeloa Master Plan was completed in September, and distributed for review. A public hearing was held in November. The response was mostly very positive.

A number of wording changes were made throughout the document to address some of the concerns that were raised. However, it didn't require any substantive changes to the physical plan. Some updates were provided to the Authority since November but finalization of the Master Plan was held off pending the aircraft carrier decision. The final plan was distributed in February 2006.

Mr. Enomoto summarized the contents of the Master Plan by noting that Kalaeloa would include mixed-use development along Roosevelt and Saratoga Avenues, preservation of open space, and industrial related uses. There was also a concerted effort to enhance regional connectivity with more roads in and out of Kalaeloa including possibility for integration of the high capacity transit corridor project.

Within the mixed use areas, there is an estimated 3,000,000 square feet of light industrial office/commercial space. Built into that would be about 6,350 housing units. The development plan includes new as well as improved elementary and middle schools with improvements to the existing Barbers Point Elementary School.

In the clear zones of the airport runways, there was an opportunity to develop an eco-industrial or "green" types of uses. Those types of activities would include alternative energy development and ocean related industries that could help the environment as well as the community, by providing jobs.

Another big component is the protection of open space, as well as access to the shoreline, and recreational areas. A cultural education center is planned to

protect and preserve the abundance of archeological sites and endangered species in the southwest corner of Kalaeloa.

Throughout the 20-year build out it is estimated that the development would create opportunities for 7,000 new jobs.

In summary, the total revenue generated either via sales or lease is estimated to be about \$3.13 billion over the 20-year build out. Total cost however is estimated to be about \$3.35 billion and includes all infrastructure on and off site, land acquisition, and construction costs. This leaves a feasibility gap of about \$221 million where the cost exceeds the project value and that is where public investment of about \$251 million would be needed, taking into account underwriting for the bonds. It is estimated that \$15 million could be obtained from various Federal grants with State bond funding of about \$236 million over the entirety of the 20-year build out period.

Should the Authority adopt the Master Plan, it will then be transmitted to the Governor and the Navy for their approval and concurrence, respectively. Once approved, staff can start on the preparation of the community development rules for Kalaeloa.

Mr. Enomoto stated staff's recommendation is for the Authority to approve and adopt the Kalaeloa Master Plan as the revised and amended community development plan for Kalaeloa and to direct the Executive Director to transmit the Master Plan to the Governor and the U.S. Navy for approval and for concurrence in accordance with Hawaii Revised Statutes.

Vice Chairperson Goshi requested, for discussion purposes, a motion to adopt staff's recommendation. It was moved by Member Timson and seconded by Member Eng to adopt the staff's recommendation.

Vice Chairperson Goshi asked if there were any questions.

Member Eng stated that the Department of Planning and Permitting (DPP) supports the plan and thought it was a good plan. However, there are areas that need additional work; for example, the affordable housing provisions of the plan should be more emphasized in consideration of the fact that the Oahu general plan has a lot of statements of goals and objectives for affordable housing. After its adoption this plan should be considered for incorporation to the Ewa Development Plan as a Special Area Plan. The other point is that it is very important to continue coordination and discussion with HCDA and to have City/State partnerships for all of the things that need to be done there.

DPP continues to believe that the City zoning and infrastructure standards are appropriate, and ask that they be given consideration. The degree to which they work well together or even be the same would allow for a more cohesive and seamless development not only of a physical plan, but infrastructure.

In summary, DPP believes that the plan should be adopted and that DPP and other City agencies be afforded a key role in the formulation of the all important rules and regulations which are going to govern the development of the area.

Member Timson echoed what Member Eng said because those are the points that are important for the people that live there. She commended the City for making sure that the process continues to happen and commended the staff for their input and research in their efforts in putting together the plan.

Member Shiraki asked what does acceptance and non-acceptance of the plan mean for the future on a practical basis.

Mr. Enomoto responded that if the Authority doesn't accept the plan, then the project would go into a holding pattern. It would create some issues with the City in terms of establishing the proper zoning for the district and being able to move forward. It would basically put the redevelopment at a standstill.

Member Shiraki asked what the next step would be if approval is given.

Mr. Dinell replied the next step is that the plan goes to the Governor for her approval. The Navy also has to concur with the plan. Then the start of the promulgation of administrative rules, which would include improvement districts for infrastructure to set the stage for implementation. It would then move from a planning mode into an implementation mode.

Member Fukunaga asked how the plan would be amended.

Mr. Enomoto stated that staff reviewed the existing 1997 plan and its updates through 2001, and came to the conclusion that there were gaps in the plan. When HCDA received jurisdiction for Kalaeloa from the State Legislature, all of the land along Roosevelt Avenue was not covered in the previous plan. Therefore, there was a data gap in terms of what was going to happen in that area, which, among other things, compelled the need to revise the community development plan. The former BPNAS Redevelopment Commission was limited by statute in its abilities to implement and redevelop the area. HCDA has some broader statutory authority which allows for redevelopment. Thus,

it was necessary to transition from the BPNAS Redevelopment Commission plan to a community development plan under HCDA's statutory framework.

Mr. Dinell interjected that as a matter of administrative rule, the Authority can amend the plan at any time, following Chapter 91 and conducting a public hearing. This is, in essence, a major amendment because of all the factors mentioned.

Member Fukunaga asked whether there was a trigger timeframe for another update, for example, in 10-years.

Mr. Enomoto responded that there was no clock and that amendments would be made as the need arises or changes in conditions occur.

Member Eng suggested that the Special Area Plan be adopted first in advance of the rules. The way the county works is that the development plan is usually adopted and the zoning is then done to implement that plan afterwards. Member Eng stated that once the action is taken by the Governor, it would probably be a good time to consider submitting the Special Area Plan for the City's Council's review and approval.

There being no further comments, Vice Chairperson Goshi reminded Members that a motion was on the table to adopt staff's recommendation, a vote was taken and the motion was unanimously approved 12 to 0.

Vice Chairperson Goshi extended the Authority's appreciation to Mr. Enomoto and also to Belt Collins.

Mr. Enomoto also thanked Belt Collins, Lee Sichter as the Project Manager; John Kirkpatrick as well as the other consultants; SMS Research; EDAW; Bay Area Economics; and Y. Ebisu.

3. Recommendation to Approve the Expenditure of Planning and Revolving Funds and Authorization for the Preparation and Promulgation of Community Development Rules for the Kalaeloa Community Development District

Stanton Enomoto summarized the Action Item distributed to the Authority and presented the staff's recommendation.

Mr. Enomoto stated that the next step in continuing the redevelopment process is the promulgation of community development rules for Kalaeloa.

The Action Item is to request authorization to expend funds for contractor services for the preparation and promulgation of the rules.

The estimated cost of preparing the rules would not exceed \$150,000. The funds dedicated towards this contract would be drawn from two sources. One is a carry over of savings after the Master Plan was completed. HCDA received an Economic Development Administration (EDA) grant with matching funds from the Legislature. Last year, the Legislature issued a proviso which would allow for the expenditure of any balance of those funds for Kalaeloa-related planning purposes. Those funds will lapse at the end of this fiscal year. The other source will be drawn from the Kalaeloa revolving fund.

The formal notice to proceed to the contractor will not be issued until the Governor and Navy have approved and concurred with the Master Plan. Staff feels that the two processes can be run in parallel at this time.

Vice Chairperson Goshi requested, for discussion purposes, a motion to adopt staff's recommendation. It was moved by Member Kondo and seconded by Member Liu to adopt the staff's recommendation.

Vice Chairperson Goshi asked if there were any questions.

Member Eng suggested that consideration be given in allocating some funding for the processing of the Special Area Plan. Some effort is necessary to get the plan through the City Council approval process. Thus, some funds would be needed for that. Typically when projects of these types are taken through the City Council, consultants are used to shepherd it through.

Mr. Dinell responded that the recommendation as worded would allow for such use. It would just need to be included in the scope of the work with the contractor. The goal is the State preparation and promulgation of community development rules for the Kalaeloa Community Development District. The City's preference is to get the Special Area Plan approved before the actual promulgation of the rules. Staff sees it as a package. The caution would be how long it might take in terms of getting the Special Area Plan through the City. Mr. Dinell asked Member Eng whether there was any particular insight to this.

Member Eng stated that the City is prepared to work with staff.

Member Fukunaga asked whether an amendment to the recommendation was needed to incorporate those additional caveats.

Mr. Dinell replied that it would be reflected in the minutes.

There being no further comments, Vice Chairperson Goshi reminded Members that a motion was on the table to adopt staff's recommendation, a vote was taken and the motion was unanimously approved 12 to 0.

There being no further comments, Vice Chairperson Goshi called a recess at 10:25 a.m. to allow Kalaeloa Members (Members Aila, Eng, and Timson) to depart, as the remaining agenda items were Kakaako related. Member Kimura also departed at this time.

The meeting reconvened at 10:30 a.m.

4. Recommendation to Approve the Revocable Lease on Land at Pier 2 for Passenger Cruise Ship Gangway System

Richard Kuitunen summarized the Action Item distributed to the Authority and presented the staff's recommendation.

Mr. Kuitunen described the area of discussion as Piers 1 and 2. He explained that the Department of Transportation (DOT) Harbors Division was converting a shed in Pier 2 to a passenger terminal. The gangway system for the passenger ships will be constructed and operated by McCabe Hamilton and Renny Co. Ltd.

Last year, HCDA negotiated a Memorandum of Understanding with DOT Harbors; however, it was never executed. As the owner of the property it would be appropriate for HCDA to execute a lease for a tenant on the property.

The use of the passenger terminal is in accordance with the Mauka Area Plan and a 10-year lease is proposed with McCabe Hamilton and Renny Co. Ltd. to fulfill the needs of constructing and operating the gangway platform. The lease has been negotiated by DOT Harbors for 840 square feet at a monthly rent of \$900 per month for the first five years and \$935 for the remaining five years.

The tenant would be responsible for the construction, operation and maintenance of the platform. Staff is proposing for the lease to be signed by HCDA with the consent of Harbors Division to acknowledge the agreement of the release and among other clauses, indemnification of the State and HCDA to be included.

Staff's recommendation is to authorize the Executive Director to enter into a 10-year lease with McCabe, Hamilton and Renny assented to Harbors for construction and operation of the gangway on Pier 2 at a rental rate of \$900 per month for the first five years and \$935 per month for the second five years.

Vice Chairperson Goshi requested, for discussion purposes, a motion to adopt staff's recommendation. It was moved by Member Shiraki and seconded by Member Fukunaga to adopt the staff's recommendation.

Vice Chairperson Goshi asked if there were any questions.

Mr. Dinell clarified that the rent will be going to DOT and not to HCDA.

There being no further comments, Vice Chairperson Goshi called for a vote and the motion was unanimously approved 8 to 0, with 1 excused (Member Kimura) and excluding Kalaeloa Members.

5. Recommendation to Approve the Authorization of the Executive Director to Expend General Obligation Bond Funds for Improvements to the Open Channel and Box Drain Culvert in the Makai Area

Steve Miyamoto summarized the Action Item distributed to the Authority and presented the staff's recommendation.

Mr. Miyamoto explained that the subject drain system is located on the western border of the Kakaako Waterfront Park and the JABSOM. The system is approximately 1,420 feet long, consisting of an open channel in the Waterfront Park area and underground double box culvert along the JABSOM site. The system is actually a downstream portion of a larger system that was constructed in 1988 and 1990 as part of the Improvement District 2 project.

The system receives runoff from catch basins, drain pipes and inlets within and outside of Kakaako. Some of the structures located within Kakaako were constructed in previous Improvement District projects. Although the City has concurred that the system was satisfactorily constructed in accordance with City standards, it has held the position that the system was never formally dedicated to the City to own, operate and maintain. In addition, the City has indicated that all necessary repairs would have to be completed before they would consider formal dedication of the system.

Staff, therefore, contracted with RM Towill Corporation to investigate and report on the structural conditions of the system for the purpose of dedication to the City. The condition of the system also became a concern upon discovery of gaps and several joints in the box culvert portion of the system during the Improvement District 9 construction on Ilalo Street and also the recurrence of sinkholes on both sides of the open channel.

The RM Towill investigation concludes that the system is structurally stable, but requires some repair work.

Mr. Miyamoto showed pictures of the typical problem areas: cracks in the struts, rust stains leaching from the reinforcing steel, gaps, and sinkholes. Much of the work would have to be performed underwater.

If the work is approved by the Authority, staff will solicit proposals for the project on the design-build basis to encumber the funds and expedite the work. Staff will also coordinate the design and repairs with the City to conform to the City's requirements for dedication. The estimated cost for the project is \$825,000.

Mr. Miyamoto concluded with staff's recommendation for the approval to authorize the Executive Director to expend general obligation bond funds in the amount of \$825,000 for improvements to the open channel and box drain culvert system in the Makai Area, subject to the approval of the Governor.

Vice Chairperson Goshi requested, for discussion purposes, a motion to adopt staff's recommendation. It was moved by Member Lai and seconded by Member Thomason to adopt the staff's recommendation.

Vice Chairperson Goshi asked if there were any questions.

Member Shiraki stated that he understood that staff wanted to transfer the system to the City, but questioned if the repair was needed.

Mr. Miyamoto responded that according to the investigation the system is structurally fine, right now. However, if repairs are disregarded, the integrity of the system might be jeopardized.

Member Shiraki asked what type of work would be needed to repair the sinkholes.

Mr. Miyamoto replied that the report states that the sinkholes are caused by material eroding into the open channel through the weep holes in the walls.

The remedy would be to push a screen in the weep hole, excavate behind the weep hole, install some filter fabric and granular material, then backfill and compact.

Member Shiraki questioned whether HCDA was doing this because it wasn't dedicated to the City when it was first constructed.

Mr. Miyamoto responded that HCDA's position at that time was that the City would maintain it. But there have been instances from time to time when HCDA had to repair the system at its expense. The City has not done any repairs to the system. When ID-9 was being constructed and gaps were found in the box culvert, the City required HCDA to seal those gaps before continuing with the project.

Member Thomason commented that if HCDA goes ahead and does the repair, she assumes that staff will pursue the matter to make sure that the system is accepted. She asked whether there was anything else that might be brought up before the City would accept it.

Mr. Miyamoto replied that he couldn't speak for the City, but staff intends to work with them to know what will be required for approval.

Member Fukunaga asked whether there were any assurances that the repair work was suitable and acceptable

Mr. Miyamoto responded that staff will work with the City.

Member Fukunaga asked what would happen if all the repairs were done and the City still wouldn't accept it.

Member Liu asked how staff would deal with that.

Mr. Dinell commented that the City is reluctant to put anything in writing. Staff got verbal assurances and sign offs, but formal dedication, which requires City Council action, did not occur. Staff will take the RM Towill report to the City and let them know that HCDA intends to do all these repairs and ask them what else is required in order to dedicate the drainage system to the City. However, it is uncertain that they are going to guarantee that the City Council will accept it. But staff will work with the City Department of Facility Maintenance and the Department of Planning and Permitting to dedicate the system.

Member Thomason asked how many times in the past was the system repaired and the cost.

Mr. Miyamoto responded that he did not have the numbers, but his recollection was that it was repaired at least twice for sinkholes and the reconstruction of the chain link fence.

Member Fukunaga asked if the repairs need to be done.

Mr. Miyamoto said that it should be done.

Member Fukunaga stated that irrespective of whether the City accepts it or not, HCDA still has the responsibility to correct it. He was curious whether the separation of the segments of the box culvert was the cause of the expansion of the gap and asked if the solution was to just place a plate over it.

Mr. Miyamoto replied that was the recommendation.

Member Fukunaga questioned why it was separated.

Mr. Miyamoto responded that it was not separated because of movement and the report indicated that it was constructed like that.

Member Fukunaga asked for the cause of the sinkholes.

Mr. Miyamoto explained that below the sinkholes are weep holes in the wall of the channel. Material is eroding through the weep hole, into the channel and undermining the ground on both sides of the channel. Screens and filter fabric are supposed to be in the weep holes to help prevent erosion.

Member Fukunaga asked whether it was intended to be a drain of sorts.

Member Miyamoto said that it is actually to relieve the pressure against the wall and not intended to act as a drain.

Member Shiraki asked what would be the major cost of the repairs.

Mr. Miyamoto replied the underwater work because divers needed to make the repairs.

Member Shiraki expressed his concern that the policy should be to dedicate these projects as soon as possible.

Mr. Dinell stated that would be wise.

Member Shiraki asked whether Ilalo Street was dedicated.

Mr. Dinell responded that Ilalo Street was dedicated to the City and County of Honolulu.

Member Shiraki asked whether there was at least assurance from the City Administration to recommend approval to the City Council.

Mr. Dinell responded that he hadn't talked with the appointed administration but spoke to the City engineer on this project and he said that HCDA would have to fix the system before the City considers taking it.

Member Shiraki commented that perhaps Mr. Dinell should talk to the department head.

Mr. Dinell responded that he could do that. But the point was that if staff does nothing, the problem would not go away and might continue to worsen leading to unknown costs in the future if the system is deteriorated. Mr. Dinell stated that staff would update the status on the conversations with the City in future Executive Director Reports.

Member Shiraki asked whether the money would lapse in June.

Mr. Dinell replied in the affirmative.

There being no further comments, Vice Chairperson Goshi reminded Members that a motion was on the table to adopt staff's recommendation, a vote was taken and the motion was unanimously approved 8 to 0, with 1 excused (Member Kimura) and excluding Kalaeloa Members.

6. Recommendation to Approve the Authorization of the Executive Director to Expend General Obligation Bond Funds and Kakaako Revolving Funds for Improvements to Kewalo Basin including the Construction of a Westbound Entrance

Richard Kuitunen summarized the Action Item distributed to the Authority and presented the staff's recommendation.

Mr. Kuitunen described the area of discussion. Up until 2000, Kewalo Basin had a westbound ingress lane at the entrance next to Ala Moana Beach Park.

When Kamakee Road was realigned to go into Ala Moana Beach Park, the westbound entrance was closed off. Currently, it has an egress going westbound and ingress going eastbound.

The Department of Transportation (DOT) will be transferring Kewalo Basin to HCDA in the next year or two. In anticipation of that, staff formed an advisory task force that has been working on the rules and regulations for the operation of the basin. Out of that task force, there were many recommendations to improve and enhance the use of the basin for boaters and park users. The suggestions included: improving accessibility, relocating bus staging area and improving restroom facilities.

Currently, there are no retail or commercial activities at Kewalo Basin. The site is being used as a staging area for buses that drop off passengers at Aloha Tower. After the passengers are dropped off, the buses wait at Kewalo Basin until it is time to pick up their passengers at Aloha Tower.

The commercial building fronting Ala Moana Boulevard holds the restroom facilities that are considered to be inadequate. The facility has only a men's and women's public stall. Part of this proposal is to install an additional stall. Everyone in the front area must use these limited facilities, which is overtaxing them at this time.

The task force has also discussed forming a tenant's association to promote the harbor and create some advertising through other state agencies. The charter fishing industry started in Honolulu, but only Kona fishing trips and tournaments are advertised.

The task force wants to increase the type of boat users and also increase park users so that more of the public can enjoy the area.

Staff is looking at creating the ingress and egress to be more user friendly. The area of Kewalo Basin under the current Waterfront Request for Proposals (RFP) is strictly for the management of the harbor and is not part of the development area. Whether the RFP goes forward or not, it remains HCDA's obligation to do any infrastructure improvements. It is staff's recommendation that improvements be done now since HCDA has the funds to do so and have the support of the users.

Staff's recommendation is to issue a design-build contract and to work with the designer and the community to draw up the plans of the ingress lane with a stacking lane. Staff will also have to work with DOT, as Ala Moana Boulevard is a State road. Therefore, staff's recommendation is to authorize

the Executive Director to expend general obligation bonds funds not to exceed \$425,000 and public facilities revolving funds not to exceed \$125,000 for the improvements to the intersection and restroom facilities design and construction.

Vice Chairperson Goshi requested, for discussion purposes, a motion to adopt staff's recommendation. It was moved by Member Liu and seconded by Member Lai to adopt the staff's recommendation.

Vice Chairperson Goshi asked if there were any questions.

Member Thomason asked who the members of the task force were.

Mr. Kuitunen replied that the members of the task force include: two DOT employees; Tom Hahn from the Korean Longline Association; Kapiolani Gomes from Morning Star, a commercial entity; and a representative from A&B. Staff later realized that the charter operators did not have a representative; therefore, Mike Derego is an unofficial member.

Member Shiraki expressed his deep concern about the project. His recommendation was to defer the project for now. He questioned the statement that the developer would have management rights over Kewalo Basin, but not development rights. Member Shiraki thought that it was all part of the development. The fact that A&B came and said that they are not going to develop around Kewalo Basin as part of their proposal, but if they wanted to develop it, they could. If so, it is part of their responsibility to develop anything that is needed there.

Member Shiraki stated that Ala Moana Boulevard is a busy thoroughfare; if another traffic signal is added between Ala Moana and Ward there would be a fourth signal there. Then the boaters will complain that there is too much traffic.

Mr. Kuitunen replied that the distance from the Ward/Kamakee signal is 1,500 feet and from Ward to the proposed traffic signal is 800 feet.

Member Shiraki commented that it was a very short distance for a traffic signal.

Member Fukunaga questioned whether that kind of separation would be considered acceptable from a broad Honolulu traffic perspective.

Mr. Dinell stated that part of the Action Item is to do community outreach and a traffic study. It is very important to say this is what DOT and the traffic consultant suggest with regard to the traffic flow. Staff wants to obtain those answers and bring them back to the Authority before proceeding with implementation.

Member Shiraki stated that the approval was for design-build and didn't see anything about a study.

Mr. Dinell directed Members to page 3 of the Action Item where the recommendation specifies to include community outreach and traffic study. It would be a design-build contract, but the contract scope would include those various aspects.

Member Fukunaga stated that if staff is trying to get a clearer identification of whether or not this plan would work, what it is needed would be a solution that is considered suitable or acceptable from a traffic standpoint. He noted that the area is odd because the Kewalo Basin exit is a signalized intersection and then the Ala Moana Beach Park entrance follows immediately after. It would be nice to merge it into one at Kamakee because the existing situation is really awkward.

Mr. Dinell commented that the second light is very close. Staff will take the direction of the Authority.

Vice Chairperson Goshi commented that right now the motion is for the whole project. He questioned that once it goes to design-build how would it be possible to change the scope on that.

Mr. Dinell responded that a checkpoint would be added in. This would allow the study to be done and brought back to the Authority; if it makes sense, then move forward. Otherwise, the study would be conducted, come back to the Authority and then staff would have to identify the funds to actually carry the plan through. Staff is looking at ways to be effective in positioning Kakaako for the future and this is what this proposal is doing. In the end, if there are savings, the funds would lapse back to the State.

Member Shiraki voiced his concern that the only reason why design-build was being requested was because the funds would lapse in June and staff wants to encumber the money. He cautioned about rushing off to do something and thought that there was a lack of planning. The development proposal should cover the whole area.

Vice Chairperson Goshi asked how long it would take to do the traffic study.

Mr. Kuitunen replied that it hasn't been explored and that staff would need to talk to consultants to find out.

Vice Chairperson Goshi commented that it is going to be hard to find someone to do the work.

Member Fukunaga stated that the genesis of this proposal came from the task force that was set up purposely for the rules and then this issue was brought forward. But the group themselves don't have the ability to make that kind of recommendation that a signal would be suitable. From that it jumped into this project propelled by the lapse of funding, or the availability of the monies for this current fiscal year. Member Shiraki is pointing out there will be some concern about rushing into this thing. Since there was an A&B representative on that group, Member Fukunaga questioned whether it fit into their plan for the area.

Mr. Kuitunen replied that the A&B representative was also concerned about the ingress and egress. In discussion with the task force about bringing in other types of users to the harbor, the ingress and egress became an issue if more people and business would come to the area.

Member Shiraki questioned if there were any longliners in the harbor.

Mr. Kuitunen responded that there are 30 boats in the Korean cooperative which go in and out of Kewalo Basin. At the most, 10 to 12 are in the harbor at one time while the others are out to sea.

Mr. Dinell stated that staff can create a checkpoint in the design-build contract and bring it back to the Authority because without the traffic study, the project could not move forward.

Member Thomason asked how the restroom expansion was thrown into the project because she considered it to be two entirely different things and asked if it could be considered separately from changing the egress and ingress lanes.

Mr. Kuitunen replied that the restroom issue came up because if substantial modifications to the intersection were done, it would make sense to put in utilities at the same time as opposed to putting in a roadway and then tearing it up again for the sewer.

Vice Chairperson Goshi asked whether there were any traffic studies at all on this subject.

Mr. Dinell replied that staff was not aware of any.

Vice Chairperson Goshi stated that the traffic study would help understand the traffic flow on that stretch and that would be one of the benefits.

Member Liu repeated what was said for his understanding. The Authority was being asked to approve the project with instructions to staff to include a checkpoint after a traffic study is completed and that no further monies would be expended if the traffic study says that it is not acceptable or feasible. Whatever was spent would be encumbered so it wouldn't lapse. Member Liu asked what would happen if the balance of the monies is not spent.

Mr. Dinell responded that it would lapse because it would be unused funds.

Member Liu asked whether the monies would eventually lapse.

Mr. Kuitunen suggested that once the traffic study is done and suggest that it is doable and take an additional step before reporting back and talk to DOT to make sure that it is acceptable.

Mr. Dinell commented that DOT Highways would definitely want to weigh in.

Member Shiraki questioned whether DOT Highways was consulted yet.

Mr. Dinell replied in the negative.

Member Fukunaga said that was one of the concerns. In order to make the left turn off of Ala Moana into the parking area, there would need to be a stacking lane.

Mr. Dinell replied in the affirmative.

Member Shiraki asked if there was one.

Mr. Dinell replied that there was a wide center median.

Member Liu stated that to respond to Member Shiraki's concern, the action be deferred until initial discussions are held with DOT because DOT could be the show stopper.

Member Fukunaga thought so as well.

Member Liu stated that the traffic study wouldn't be needed if DOT says that there was no way that it would work. He asked whether it could be deferred and instructed staff to discuss the project with DOT and report back at the next appropriate Authority meeting.

Member Kondo asked if there was time.

Mr. Dinell replied that there wasn't any time because it would take time to execute the contract, but that shouldn't be the Authority's consideration. If the Authority feels that staff should talk to DOT, then staff will do that. Mr. Dinell didn't want the Authority to feel that they need to approve or not.

Member Fukunaga stated that if the project proves to be warranted, then ask for the project next year. There is no reason to rush into this.

Vice Chairperson Goshi asked for a motion to defer.

Member Shiraki moved to amend the motion to defer the action for one month to the next meeting. Member Thomason seconded the motion.

Member Liu stated that he would withdraw his initial motion so a new motion could be made.

Member Shiraki stated that a new motion was not needed at this point. Then there would be no action.

Member Liu withdrew his initial motion and Member Thomason seconded the motion.

Mr. Dinell said there would be no vote needed because there was no action.

Vice Chairperson Goshi requested a vote to amend the agenda to convene an executive meeting to discuss an unsolicited offer received on February 24, 2006, from a prospective buyer of the American Brewery Building. As this offer occurred after filing the meeting agenda, Vice Chairperson Goshi requested a motion to amend the agenda pursuant to Sections 92-7(d), Hawaii Revised Statutes, to add an Executive Session item to discuss the offer and sale of the building.

It was moved by Member Liu and seconded by Member Mukaigawa to amend the agenda to include the above matter for discussion in Executive Session. The motion carried 8 to 0, with 1 excused (Member Kimura) and excluding Kalaeloa Members.

Mr. Jack Hamada from the audience interjected and asked if it was adjourned into executive session yet.

Mr. Dinell stated that there was a motion on the table and asked whether his comments concerned an agenda item.

Mr. Hamada replied that it was not on the agenda but in regards to the Kakaako Makai area.

Deputy Attorney General Melvin Nishimoto stated that the Authority does not have to entertain any comments on matters that are not on the agenda. The law only requires that the Authority discuss issues that are listed on the agenda.

Mr. Hamada asked how he would know if a decision was made in executive session.

Mr. Dinell asked whether Mr. Hamada had a copy of the agenda and pointed out that the executive session discussion was about the American Brewery Building and that there would be no discussion about the Makai Area.

Mr. Hamada replied that he knew it was not on the agenda.

Deputy Attorney General Melvin Nishimoto stated that was the reason why he could not speak on the Makai development and reiterated that there was no decision being made on the Makai Area. Therefore, the statute doesn't require the Authority to entertain any kind of questions on that issue.

V. EXECUTIVE SESSION

Vice Chairperson Goshi asked for a motion to enter into Executive Session to discuss the following items:

Proposed Settlement in the American Brewery Lawsuit with Media Five's Subcontractor, CJS Group – Architects, Ltd., Pursuant to Section 92-5(a)(4), HRS, to consult with the board's attorney on matters relating to the American Brewery Lawsuit.

It was moved by Member Thomason and seconded by Member Kondo to enter into Executive Session. The motion carried 8 to 0, with 1 excused (Member Kimura) and excluding Kalaeloa Members.

American Brewery Building sale offer, Pursuant to Section 92-4, 92-5(a)(3) and 92-5(a)(4), HRS, to negotiate the acquisition of public property.

It was moved by Member Thomason and seconded by Member Liu to enter into Executive Session. The motion carried 8 to 0, with 1 excused (Member Kimura) and excluding Kalaeloa Members.

Vice Chairperson Goshi requested that the following individuals join the Executive Session: Deputy Attorney General, Melvin Nishimoto; Executive Director, Daniel Dinell; and Asset Manager, Richard Kuitunen. Deputy Attorney General, Cora Lum and Special Deputy Attorney General, David Louie would be available via teleconference if necessary.

The Hawaii Community Development Authority entered into Executive Session at 11:20 a.m.

It was moved by Member Mukaigawa and seconded by Member Lai to reconvene the regular meeting. The motion was carried 8 to 0, with 1 excused (Member Kimura) and excluding Kalaeloa Members.

The meeting was reconvened at 11:50 a.m.

VII. ADJOURNMENT

There being no further business, it was moved by Member Mukaigawa and seconded by Member Kondo to adjourn the meeting at 11:50 a.m. The motion passed 8 to 0, with 1 excused (Member Kimura) and excluding Kalaeloa Members.

Respectfully submitted,

/s/

Paul Kimura
Secretary