

SUMMARY - MEETING NO. 267

HAWAII COMMUNITY DEVELOPMENT AUTHORITY

State of Hawaii

November 13, 2002 - 9:00 a.m.

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

ATTENDANCE

Members Present: Lori Ann Lum; James Kometani; Patrick Kubota; Michael Goshi; Gary Kondo; Lloyd Nekoba (for Stanley Shiraki); Brian Minaai; Allan Los Banos; Dean Seki (for Mary Alice Evans)

Members Absent: Christine Camp; Seiji Naya

Kalaeloa Members Present: Mike McElroy (for Raynard Soon); Loretta Chee

Kalaeloa Member Absent: Maeda Timson

Others Present: Jan Yokota; Melvin Nishimoto; Teney Takahashi; Matthew Akamu; Cal Machida; Neal Imada; Steve Miyamoto; Susan Tamura; Sandy Pfund; Marvin Uehara; Miko Dargitz; Marvin Uehara; Francine Champoux; (also, see Meeting Attendance Record)

I. ROLL CALL

The meeting of the Hawaii Community Development Authority was called to order on November 13, 2002 by Chair Lori Ann Lum at 9:02 a.m. with the following roll call:

Member Camp	Absent
Member Goshi	Present
Member Kometani	Arrived at 9:02 a.m.
Member Kondo	Present
Member Kubota	Present
Member Timson	Absent
Member Nekoba	Present
Chair Lum	Present
Member Minaai	Arrived at 9:05 a.m.
Member Fujiki	Absent
Member Los Banos	Present
Member Seki	Present
Member Naya	Absent
Member Chee	Present
Member McElroy	Arrived at 9:20 a.m.

Chair Lum recognized the ex officio members of the Authority who were attending their last meeting as members of the outgoing Administration. She thanked these members for their hard work and contributions to the Authority.

MATERIALS DISTRIBUTED

1. Agenda for November 13, 2002 Meeting;
2. Summary Minutes of October 2, 2002;
3. Information Item: Navy Report for Kalaeloa and HCDA Actions Required;
4. Information Item: Presentation by the Hawaii National Guard Regarding its Plans for the Kalaeloa Community Development District;
5. Action Item: Redesignation of Land Use for the Sewage Lift Station at Kalaeloa (Lot 13071-B) from "Park" to "Public Facilities";
6. Action Item: Approval of the Amendments to the Kakaako Community Development District Makai Area Plan and Rules ("Amendments"), Relating to the Realignment of Ohe Street;
7. Action Item: Approval of Application for Planned Development Permit and Joint Development for Hokua at 1288 Ala Moana (PD 1-02); and
8. Action Item: Approval to Enter into Exclusive Negotiations with KUD International LLC for the Leasing of Land for a Marine Research Complex on the Kakaako Waterfront.

II. APPROVAL OF MINUTES

1. Regular Meeting of October 2, 2002.

Chair Lum asked if the Members had any corrections to the minutes.

There were none.

It was moved by Member Kometani and seconded by Member Minaai that the Regular Minutes of October 2, 2002 be approved, as written. The motion passed unanimously.

III. REPORT OF THE EXECUTIVE DIRECTOR

Ms. Yokota stated that her report was enclosed in the packets and that she would be happy to answer any questions regarding her report. There were no questions.

IV. ITEM FOR INFORMATION

2. Navy Report for Kalaeloa and HCDA Actions Required.

Mr. Roger Au, the Navy liaison for Kalaeloa, summarized the Navy Report for the former Barbers Point Naval Air Station, copies of which were distributed to the Authority. A copy of his report is attached as Exhibit A.

Mr. Au reported that there have been few changes to the Navy report since the last Authority meeting. He mentioned that the Navy had begun environmental impact analyses for two areas: (1) the parcels that will be conveyed by the Navy to the Department of Transportation, Airports Division, for the fuel farm and the wetlands area adjacent to the airport; and (2) the parcels that will be conveyed to the University of Hawaii School of Ocean and Earth Science and Technology. The studies should take about six months to complete and will support the disposal action of the properties by the Navy.

Currently, the Navy is requesting that the Authority designate land uses for two parcels.

The first is known as the endangered plant (Akoko) parcel. This land was originally requested by the U.S. Fish and Wildlife Service (USFWS). However, USFWS was unable to come to consensus with the former Barbers Point Redevelopment Commission regarding the environmental cleanup issues. In addition, a significant portion of the parcel is encumbered by endangered plants and archaeological features. In the western portion of the parcel adjacent to Coral Sea Road, there is about 15 acres that may be available for development in the future. The Navy is requesting that HCDA designate a land use for this portion of the parcel so that the Navy can move forward with a land disposal action. The military screening and the

federal property screening processes have been completed, and the Navy is now seeking a public benefit conveyance or economic development conveyance for the parcel.

A similar situation exists with the Heritage Park Parcels. Originally, they were requested by the Department of Land and Natural Resources (DLNR) in order to protect the archaeological features on the site. However, DLNR retracted its request for the parcels and, therefore, there is no designated future recipient for the parcel. There are about 10 acres of the parcel that are unencumbered by archaeological features, so there is a potential for commercial development on this portion. The Navy is requesting that the Authority make a recommendation regarding the disposition of this property.

Mr. Au asked if there were any questions on his report. There were none.

Chair Lum thanked Mr. Au for his report. Ms. Yokota mentioned that HCDA would be scheduling both items for Authority action sometime within the next few months. The process will be similar to the process undertaken for the item that is being considered today, which is a change in use of the parcel on which the Sewage Lift Station is located.

3. Presentation by Hawaii Army National Guard

Col. Richard Young, Facilities Management Officer of the Hawaii Army National Guard (HARNG), thanked the Authority Members for allowing him to brief them on HARNG's plans for Kalaeloa. He provided a map of the area that indicated the HARNG projects.

As background information, Col. Young said that, in 1993 when the Navy announced the closure of the Barbers Point Naval Air Station, the Army National Guard saw this as an opportunity to resolve some of its facilities problems. Basically, HARNG needed about 300,000 square feet of space on the island of Oahu. HARNG also needed to move units from the Diamond Head Crater in order to comply with the State's Diamond Head Park Master Plan. In addition, HARNG had to find another home for one of its aviation units at Wheeler, as there were two aviation units occupying one armory, and finally, a home was needed for the Youth Challenge program. The opportunity presented by the base closure was very timely and HARNG requested conveyance of 150 acres at Kelaeloa.

The full development of HARNG's facilities at Kalaeloa will cost about \$150 million dollars, so it was decided to phase the Capital Improvement Plan in four phases. The phasing plan is attached as Exhibit B.

The first phase is the renovation of building 117 (shown in red). The goal of this phase was to relocate units in the Diamond Head Crater to Barbers Point. The project is estimated to cost about \$40 million dollars and is divided into two parts. Part A is 100% designed and construction is scheduled for federal FY 03. Part B is 100% designed, will cost about \$18 million dollars, and is scheduled for construction in FY 04.

Phase 2 (shown in blue on the plan) depicts the new home for the 29th Infantry Brigade and its aviation unit at Wheeler. Design funds have been secured for FY 03 and construction is scheduled for the FY 05-06 timeframe.

Phase 3 is the Army National Guard Headquarters, and is shown on the plan in green. The yellow area indicates the old Navy Barracks and dining facilities. This phase is currently on hold.

Finally, the area colored light green on the map is the Pacific Training Center. Since September 11, there has been a major focus on anti-terrorism training. It is hoped that this area will be the start of a training center where the police and fire departments can share assets and knowledge and train together.

There were no questions for Col. Young. Chair Lum thanked Col. Young for his report.

V. ITEMS FOR ACTION

- A. Redesignation of Land Use for the Sewage Lift Station at Kalaeloa (Lot 13071-B) from "Park" to "Public Facilities".

Ms. Dargitz summarized the Action Item report distributed to the Authority concerning this matter.

Chair Lum requested that the record reflect that Member McElroy had joined the meeting.

Chair Lum then asked the Members if there were any questions regarding the staff report. There were none. Chair Lum called for a vote. It was moved by

Member Kondo and seconded by Member Los Banos to approve the redesignation of the land use for the Sewage Lift Station at Kalaeloa (Lot 13071-B) from "Park" to "Public Facilities".

The motion passed unanimously.

The meeting was recessed at 9:20 a.m. and resumed at 9:25 a.m.

5. Approval of the Amendments to the Kakaako Community Development District Makai Area Plan and Rules (Chapter 23), Title 15, Hawaii Administrative Rules ("Amendments"), Relating to the Realignment of Ohe Street.

Ms. Tamura summarized the Action Item report distributed to the Authority concerning this matter.

It was moved by Member Kubota and seconded by Member Goshi to approve the proposed Amendments to the Kakaako Community Development District Makai Area Plan and Rules, Chapter 23, Title 15, Hawaii Administrative Rules.

There being no questions, Chair Lum called for a vote.

The motion passed unanimously.

6. Approval of Application for Planned Development Permit and Joint Development for Hokua at 1288 Ala Moana (PD 1-02).

Chair Lum noted that Members Kometani and Goshi had left the meeting.

Mr. Akamu summarized the Action Item report distributed to the Authority concerning this matter. The project had been presented to the Authority at the October meeting as an informational item. At this meeting, staff was requesting the Authority's approval of a development permit for the project.

Chair Lum noted that, because no variances or modifications had been requested for this project, a public hearing was not required. She asked whether there were any comments from the public. There were none.

It was moved by Member Kondo and seconded by Member Kubota to approve the Hokua at 1288 Ala Moana Planned Development Permit and Joint Development as set forth

in the Staff Report and Recommendations and draft Planned Development Permit. The Recommendations included the approval of:

- The joint development of the Project Site, Park Site and Driveway easement;
- The waiver of the reserved housing cash in lieu fee;
- The satisfaction of the public facilities dedication requirement by the use of credits (19,379 square feet of land credits), cash payment (\$2,405,340), or a combination of credits and a cash payment; and
- All other recommendations included in the Staff Report and Recommendations.

There being no questions, Chair Lum called for a vote.

The motion passed unanimously.

The meeting was recessed at 9:40 a.m. and resumed at 9:45 a.m.

Chair Lum noted that Members Kometani and Goshi had rejoined the meeting.

7. Approval to Enter into Exclusive Negotiations with KUD International LLC for the Leasing of Land for a Marine Research Complex on the Kakaako Waterfront.

Ms. Takahashi summarized the Action Item report distributed to the Authority concerning this matter.

He noted that letters of support from the University of Hawaii, the Pacific Biomedical Research Center, the John A. Burns School of Medicine and the Governor had been received and distributed to members of the Authority.

Mr. Takahashi introduced Mr. Marvin Suomi, President and CEO of KUD International LLC, Mr. Duncan Ballash from KUD's architectural team, and Mr. Kip Kamoto, KUD's Hawaii Branch Manager.

Mr. Suomi began by giving the Authority Members a brief introduction regarding KUD. He mentioned that it was part of the Kajima Group and that Kajima has had a presence in Hawaii for about 25 years. The Kajima Group retains an interest in the Four Seasons Resort on the Island of Hawaii and, most recently, acquired the Hawaiian Dredging Construction Company.

Mr. Suomi noted that KUD is a unique company among Kajima's worldwide companies; it is a company that undertakes large, complex development projects, most with a public-private component. These projects include: PacBell Park, the home of the San Francisco Giants; the new NFL stadium for the Philadelphia Eagles; and Silvertown, which is the single largest redevelopment project in London.

Over the years, KUD has been involved in developing some of the best aquaria in the world. All have been not-for-profit aquaria. These include the Tampa Aquarium in Florida, the Aquarium of the Pacific and, most recently, the National Aquarium in London.

Mr. Suomi mentioned that, about 10-12 years ago, he had visited the Waikiki Aquarium for the first time and was given a tour by then-director Bruce Carlson. While he was very impressed with this gem among the world's aquaria, he also began to think about the need to build a first-tier aquarium in Hawaii, one that would be a world-class attraction as well as a facility that could integrate applied research into its mission. In 1997, KUD sponsored a workshop and invited about 25 aquaria specialists from throughout the country to begin looking at how such a facility could be developed in Hawaii. Unfortunately, subsequent efforts to obtain legislative funding to supplement private sector funds were not successful.

Mr. Suomi said that the proposed marine research complex on the Kakaako Waterfront would include a world-class aquarium that will be privately funded but, more importantly, marine research facilities that would complement the aquarium.

Together, these facilities could create a complex that would be unique in the world. According to Mr. Suomi, KUD could not imagine a better location for this complex than in Kakaako, particularly with its proximity to the new University of Hawaii medical school. KUD's intention is that the complex would set Hawaii apart as one of the premier marine research and development centers, not only in the United States but also as a gateway to Asia.

At this point, Mr. Suomi introduced Mr. Ballash, a Principal of Esherick Homsey Dodge & Davis (EHDD), which is one of the most highly regarded architectural firms in the world of aquaria. One of their many projects is the Monterey Bay Aquarium, which is generally considered to be the best aquarium in the world. Mr. Suomi said that Mr. Ballash would brief

the Authority members on the proposed marine research complex and what he believed would become a signature building in Kakaako.

Mr. Ballash took the podium and thanked the members of the Authority. He began by discussing the marine research currently being conducted in Hawaii, with one of the most exciting projects being the exploration taking place in the Northwest Hawaiian Islands, the Hawaiian archipelago to the Northwest of Kauai. In this location, researchers have found some of the most pristine coral reefs in the world, which provide the opportunity to see the marine ecology as it existed hundreds of years ago in the Hawaiian Islands before the intervention of man. The proposed marine research complex, including the aquarium, could offer a window to this archipelago for researchers as well as the public.

Mr. Ballash used a Power Point presentation to illustrate different types of corals, marine life, monk seals and sea turtles, all of which are currently being researched, and which could be incorporated into the complex. Migratory patterns of marine creatures across the Pacific and Hawaii are also being researched and could be highlighted in the marine research center.

Mr. Ballash said that he believed that the combination of the incredibly rich marine ecosystem that exists in Hawaii, together with our substantial visitor industry, could make the combination aquarium/research center an incredibly successful project.

Additionally, said Mr. Ballash, the development of a large aquarium and marine research complex would be consistent with the Kakaako Master Plan and the vision for both commercial and institutional projects on the waterfront. The aquarium, in both its attendance draw and potential as an iconic building, could become the symbol of Kakaako and give the area a sense of place and recognition.

Mr. Ballash also said that the marine research complex could be an anchor that would help to create a very vital commercial district, similar to what occurred at Cannery Row after the Monterey Bay Aquarium was built.

He noted the opportunities for collaborative research by different institutions, which could share sea water, outdoor yard space, shared conference rooms, theaters, and so forth.

In describing the conceptual master plan prepared by EHDD, Mr. Ballash that the aquarium building had been located as close to the point as possible, the concept being that this would be the iconic symbol for Kakaako that would give it that sense of place. Therefore, this building would need to be very visible, not only from the waterfront of Honolulu, but also from Waikiki. The research buildings are proposed as secondary buildings, as described in the Kakaako Makai Area Design Guidelines. There would be a shared service yard and research area, and promenades along the ocean to allow people to walk from the park along the water's edge and out to the point. It could be an incredible gathering public space.

In closing, Mr. Suomi commented that, like many of the projects undertaken by KUD, this is a very challenging project and it has many moving parts, which is one of the reasons that a one-year negotiation period has been requested. To be successful, a tremendous amount of cooperation will be required of the University. He noted that the Chancellor of the Manoa campus and Ed Cadman, Dean of the Medical School, have been very supportive. He added that KUD has previously been involved in the financing of four such aquariums. The financing of this complex is proposed to be a combination of debt, Act 221 credits, and private contributions.

Chair Lum asked if there were any questions.

Member Goshi inquired as to the exact location of the project on the Waterfront. Ms. Yokota explained that, very generally speaking, the project would be located below John Dominis Restaurant and Olomehani Street. The site is about 10 gross acres. Ms. Yokota indicated that a map of the site was included in the materials prepared for the Authority members.

Member Kometani referred to a letter dated November 4, 2002 from KUD to Jan Yokota. Item number 3 in the letter proposed that the rent be structured as follows: "The rent shall be \$1 a year for University-owned facilities. Other buildings will be subject to negotiation." Member Kometani requested clarification as to which facilities would be University-owned and what other buildings would be involved.

Mr. Suomi said that the Kewalo Marine Laboratory of the Pacific Biomedical Research Center would be one of the University facilities. He indicated that the aquarium for example, would probably be able to pay some rent.

Member Kubota questioned the need for a one-year exclusive negotiation period as compared with six months. Mr. Suomi responded that there are a number of different components to coordinate and it is critical that sufficient time is allowed to work out the different parts.

Member Nekoba asked where the parking for the facility would be located. Mr. Ballash stated that, initially, parking would be on surface lots and would later be located in parking structures.

Member Nekoba then asked if there would be access for people planning to surf or picnic in the Point Panic area. Mr. Ballash responded affirmatively and added that the Pacific Biomedical Research Center would remain in place until construction of the new facility was completed, and would then be demolished.

Chair Lum inquired about the status of the tax credits to be requested. She asked Mr. Suomi whether a favorable ruling had been received from the State Department of Taxation. Mr. Suomi said that KUD had not yet submitted a request to the Department of Taxation for a comfort letter. He said that he felt, however, that with 50% of the facility being set aside for "hard research", the complex would probably be eligible for Act 221 tax credits. About \$10 million in tax credits would be needed. He also said, however, that this amount of money is not critical to the project. In other words, if the tax credits were not approved, it would not deter the development of the project.

Member Kubota inquired about the process for Authority approval of the lease and development agreement. Mr. Takahashi said that the approval being requested of the Authority is to enter into exclusive negotiations with KUD for one year. During that time, we would negotiate the lease terms and possibly a development agreement. When this is completed, the Authority will be asked to approve the development agreement and the lease. The parameters under which HCDA would negotiate are included in the request from KUD, but the terms of the lease (such as rental at \$1 a year for University-owned facilities, etc.), have not been finalized.

Mr. Kubota asked if some of the terms could be changed during the negotiations, such as the fifty-year lease term. Mr. Takahashi answered affirmatively, noting that, for example, an earlier proposal had been for a

lease of 55 years to allow sufficient time for construction. He reiterated that the terms of the lease and development agreement would be brought back to the Authority for approval at the end of the negotiation period.

Chair Lum thanked Mr. Suomi and Mr. Ballash for their presentation.

There being no further questions, Chair Lum called for a vote. It was moved by Member Minaai and seconded by Member Kometani to: (1) approve the request to enter into exclusive negotiations with KUD for one (1) year for the proposed lease of the requested site under the minimum terms described; and (2) authorize the Executive Director to execute an Agreement for Exclusive Negotiations ("Agreement") for an exclusive negotiation period of one (1) year from the execution date of the Agreement, substantially in the form attached in the Staff report as Exhibit C.

The motion passed unanimously.

Chair Lum mentioned that the last Action Item had been withdrawn from the agenda.

V. ADJOURNMENT

There being no other business, it was moved by Member Minaai and seconded by Member Kubota to adjourn the meeting at 10:45 a.m. The motion passed unanimously.

Respectfully submitted,

/s/

Christine Camp
Secretary