

SUMMARY - MEETING NO. 300
HAWAII COMMUNITY DEVELOPMENT AUTHORITY
State of Hawaii

AMENDED

December 7, 2005 – 9:00 a.m.

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

ATTENDANCE

Members Present: Grady Chun; Barry Fukunaga (for Rodney Haraga, DOT); Michael Goshi; Paul Kimura; James Kometani; Gary Kondo; Jonathan Lai; Theodore Liu (DBEDT); Kay Mukaigawa; and Stanley Shiraki (for Georgina Kawamura, B&F).

Kalaeloa Members: Linda Chinn (for Micah Kane, DHHL); Henry Eng (DPP); Evelyn Souza; and Maeda Timson.

Members Absent: Russ Saito (for DAGS); and William Aila, Jr. (Kalaeloa)

Others Present: Daniel Dinell; Melvin Nishimoto (Deputy AG); Matthew Akamu; Stanton Enomoto; Arnold Imaoka; Annette Kawasaki; Richard Kuitunen; Lilinoe Lindsey; Cal Machida; Deepak Neupane; Jill Sugihara; Teney Takahashi; and Susan Tamura (also, see Meeting Attendance Record).

I. ROLL CALL

The meeting of the Hawaii Community Development Authority (HCDA) was called to order on December 7, 2005, by Chairperson James Kometani at 9:01 a.m. with the following roll call:

Chairperson Kometani	Present
Member Chun	Present, Arrived at 9:02 a.m.
Member Fukunaga	Present
Member Goshi	Present
Member Kimura	Present
Member Kondo	Present, Left at 12:20 p.m.
Member Lai	Present

Member Liu	Present, Arrived at 10:25 a.m.
Member Mukaigawa	Present, Arrived at 9:03 a.m.
Member Shiraki	Present, Arrived at 9:02 a.m.
Member Chinn	Present, Left at 9:20 a.m.
Member Eng	Present, Left at 9:20 a.m.
Member Souza	Present, Left at 9:20 a.m.
Member Timson	Present, Left at 9:20 a.m.

MATERIALS DISTRIBUTED

1. Agenda for December 7, 2005 Meeting;
2. Summary Minutes of Authority Meeting of November 2, 2005;
3. Summary of Public Hearing on November 2, 2005;
4. Report of the Executive Director;
5. Kakaako Mauka Area Transportation Plan;
6. PowerPoint Presentation presented to Senate Committees at Informational Briefing on November 9, 2005;
7. Kalaeloa Status Report;
8. Information Item: Update on the Draft Kalaeloa Master Plan for the Kalaeloa Community Development District;
9. Information Item: Subcommittee Report and Status Update on the Kakaako Waterfront Project;
10. Information Item: Update on Children's Discovery Center;
11. Action Item: Approval of Extension of Exclusive Negotiations with the University of Hawaii for the Leasing of Land for a Cancer Research Center on the Kakaako Waterfront;
12. Action Item: Approval of Modification (M 1-05), Joint Development and Planned Development Permit for Moana Vista Project at 1015 Kapiolani Boulevard and 1025 Waimanu Street (PD 2-05) and Authorization of the Executive Director to (1) Amend the Public Storage Planned Development Permit (PD 1-05) and Development Agreement; (2) Terminate the Honolulu Design Center Base Zone Development (MUZ 80-01); and (3) Negotiate with the Applicant for the Provision of Permanent and Interim Public Parking;
13. Action Item: Approval of the Termination of the Pauahi Place Master Plan Permit (MP 1-94) and Authorization for the Executive Director to Execute a Termination Agreement with Kamehameha Schools;
14. Action Item: Approval to Authorize the Executive Director to Establish a Task Force and Draft Administrative Rules for Kewalo Basin;
15. High Capacity Transit Corridor project newsletter was distributed to the Members at the meeting; and
16. Letter from State Senators Chun Oakland and Fukunaga was distributed to the Members at the meeting.

II. APPROVAL OF MINUTES

1. Minutes and Summary

Chairperson Kometani asked if there were any corrections to the minutes of the regular meeting of November 2, 2005, and the summary of the public hearing of November 2, 2005. Chairperson Kometani asked for a motion to approve the minutes if there were no corrections. It was moved by Member Kondo and seconded by Member Goshi to approve the minutes as written. The motion passed 10 to 0 with 4 excused (Members Chun, Liu, Mukaigawa 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 staff is continuing its review of the Mauka Area Plan and Rules. A preliminary transportation assessment was completed by traffic consultant Charlier Associates, Inc. A summary of the issues and possible actions were included in the Members' packet. It was noted that there would be no proposed changes to any of the existing programmed roadway widths. The next steps include consulting with key stakeholders on issues and opportunities through an Advisory Committee. A community participation program is being developed with an initial meeting planned for January 2006.
- The City has scheduled two public meetings for the alternatives being considered in its High Capacity Transit Corridor project. A newsletter on the subject was distributed to the Members. On November 10, HCDA staff met with the City's Department of Transportation Services (DTS) on the proposed corridor plan. DTS will be forwarding information to staff on the proposed route options through Kapolei and downtown/Ala Moana as it affects both the Kalaeloa and Kakaako districts. The transit information will then be forwarded to HCDA's consultants for further review and assessment as it relates to the draft Kalaeloa Master Plan as well as the Mauka Area transportation plan.
- An informational briefing was held before several State Senate Committees on November 9. A copy of the Executive Director's

PowerPoint presentation was included in the Members' packet. Chairperson Kometani and Member Liu were also in attendance and testified at that briefing.

- Mr. Dinell attended the November Ala Moana/Kakaako Neighborhood Board meeting, and gave an update on various HCDA initiatives. A resolution requesting, among other items, an immediate “hold” on all actions by HCDA regarding Kakaako Makai development was passed. Chairperson Kometani and Mr. Dinell also met with the Friends of Kewalo Basin Park Association which had similar requests.
- A letter was received from State Senators Chun Oakland and Fukunaga requesting that HCDA require future developments in Kakaako to contribute a percentage of the development costs towards the establishment of an athletic and multi-purpose center for McKinley High School. A copy of the letter was distributed to the Members. The Senators requested the contribution be considered in the modification request for the proposed Moana Vista development. Mr. Dinell replied to the Senators by promising their letter would be entered into the meeting record. He explained that HCDA currently has in place a “Public Facility Dedication Fee” under Hawaii Administrative Rules. Proceeds from the existing fee, may, under State law be spent on items such as school sites, community facilities, parking garages, roadways, and parks. Under HRS Chapter 91 and HCDA’s Administrative Rules, an additional fee, as proposed by the Senators, would require public notice and take several months to process.
- As a follow up to Member Aila’s suggestion, a letter acknowledging Department of Land and Natural Resources’ employees Meghan Statts and Wesley Choi was sent from Chairperson Kometani to DLNR Director Peter Young recognizing their efforts in removing the grounded fishing vessel “Two Star.”
- Richard Kanemoto from HCDA’s Asset Management team was recognized for putting up the light display in the historic Ala Moana Pump Station. Members and the public at-large were invited to enjoy the lights during the month of December.
- Mr. Dinell will be on vacation from Wednesday, December 14 and returning to the office on Monday, December 19.

Chairperson Kometani asked if there were any questions for the Executive Director. 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 reported that the recruitment period for the Kalaeloa Program Specialist position closed on November 18. He is in the process of reviewing the applicants for the position. Mr. Enomoto has secured a small field office in Kalaeloa through the Department of Hawaiian Home Lands (DHHL). It is located at Building 1756, at the intersection of Yorktown and Enterprise Avenues. He is in the process of finalizing the lease agreement and securing furniture and supplies for the field office and should be up and running in early 2006.

There was an article in the Honolulu Star Bulletin about the aircraft carrier decision being made in early 2006. Mr. Enomoto explained the basing decision will have some bearing on the Master Plan completion process and will be discussed later in the meeting.

For the upcoming legislative session, Kalaeloa had two requests for Capital Improvement Project (CIP) funds: one for \$3 million dollars and the other for \$20 million. Those requests were for inclusion with the administration's supplemental budget. However, in consideration of these requests, as well as other priorities of the administration, these HCDA items were not included as part of the supplemental budget.

The State's Economic Momentum Commission produced a set of draft recommendations on November 15. Included in their recommendations was for HCDA, in cooperation with the City and County of Honolulu, to develop and execute an affordable housing community in Kalaeloa on approximately 500 acres of land by utilizing an approach similar to Kakaako's concept of entering into public/private partnerships to create a mixed-use environment. The Commission envisions that all of these homes would be owner-occupant that would be sold at prices that are workforce affordable. The Commission is expected to finalize their recommendations later in December 2005.

Chairperson Kometani asked if there were any questions. There were none.

B. Update on the Draft Kalaeloa Master Plan for the Kalaeloa Community Development District

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

Mr. Enomoto updated Members on the Master Plan process on Kalaeloa. The Draft Master Plan was completed and released for public review in September. A notice was published on its availability in newspapers Statewide leading up to the public hearing which was held on November 2. During that hearing three people provided oral testimony and 14 others provided written testimony. A listing of all the comments received and the corresponding response was attached in the Members' packet. In summary, all the commenters generally supported the Draft Master Plan and the efforts of HCDA to proceed with some type of redevelopment in Kalaeloa. A portion of the comments received raised were wording changes or seeking clarification of points in the plan under the process. Mr. Enomoto will be making revisions to accommodate those changes and clarifications.

The more substantive concerns focused on follow on action and implementation issues pertaining to the Master Plan. These include issues such as special management area review; amendments to the City special area plan for Kalaeloa; and detailed water and electrical plans and establishment of zoning for the district. Many are very detailed and important issues but are impractical to resolve them in the context of the Master Plan. So instead, after adoption of the plan, staff will coordinate with the various agencies involved whether they are the State Office of Planning; City Department of Planning and Permitting; Hawaiian Electric Company or Board of Water Supply to resolve these issues.

Other commenters raised questions about roadway designs, dedication of roads to the City and County of Honolulu as well as integration of mass transit. Two of the five scenarios in the City's transit corridor plan include Kalaeloa. Thus, Kalaeloa has the potential for a transit oriented development which is already contemplated in the Master Plan. Appropriate adjustments to the urban design guidelines in the appendices will be made so that it is more in concert with the City and County of Honolulu's design guidelines as well as inclusion of mass transit. Discussions with the City will continue to work out reasonable accommodations.

In addition to the comments and letters received, staff has been reviewing the Master Plan as well as the appendices for inconsistencies and housekeeping items to make sure that the two documents are consistent.

The U.S. Navy aircraft carrier decision has a bearing on the Master Plan. Initially, the revised Master Plan was to be considered for adoption by the Authority in January 2006. However, the Navy may be announcing a decision regarding the aircraft carrier sometime that month. Mr. Enomoto recommended that the adoption be postponed until the Navy makes its expected announcement in January. Whatever the impact, changes will be incorporated into the Master Plan and then be brought back to the Authority for adoption. However, should the Navy not make any announcement by the end of January; staff may move ahead with its recommendation in February.

Chairperson Kometani asked Members if there were any questions.

Member Chun referred to Hunt Building Company, Steve Colon's comment about HCDA's recommended affordable housing requirements being too aggressive/high and HCDA response of, "HCDA believes that to provide greater opportunities for the residents of the Ewa District, increases in affordable housing is necessary." Member Chun asked for clarification of that statement.

Mr. Enomoto responded that the City and County's standard was 30 percent affordable. Staff wants to provide as much affordable housing as possible.

Chairperson Kometani requested that the minutes reflect that Members Chun, Mukaigawa and Shiraki are present at the meeting.

There being no further comments, Chairperson Kometani called a recess at 9:20 a.m. to allow Kalaeloa Members (Members Chinn, Eng, Souza, and Timson) to depart, as the remaining agenda items were Kakaako related. He then entered into Public Hearing on Pauahi Place Master Plan (MP 1-94) by Kamehameha Schools and Moana Vista Planned Development Project (M 1-05) by KC Rainbow 2 Development Co. LLC.

The meeting reconvened at 10:12 a.m.

IV. ITEMS FOR INFORMATION - Continued

C. Subcommittee Report and Status Update on the Kakaako Waterfront Project

Deepak Neupane summarized the Information Item distributed to the Authority concerning this matter.

Mr. Neupane reported that on November 9, the State Senate Committees on Water, Land, and Agriculture; Business and Economic Development; and Tourism held an informational hearing on the Kakaako Waterfront Development Project. Chairperson Kometani and Mr. Dinell provided testimony at the informational briefing.

A&B, Properties Inc. (A&B), as required in the contract scope of work, has engaged in community outreach on the project and is revising some components of the project based on the feedback received.

Staff is working with outside legal counsel to draft a development agreement and is now in the process of reviewing the documents.

Mr. Neupane introduced Stan Kuriyama from A&B to present the revised concept of the project.

Mr. Kuriyama stated that A&B embarked upon an extensive public outreach program after the contract award in September because the Request For Proposals (RFP) process didn't allow for public input.

A&B engaged in three different efforts to solicit community input: 1) face to face meetings; 2) a website with project information that also allowed for public comment through the site; and 3) a hotline for the public to call in directly to get information, make comments or request additional information.

A&B held over 70 meetings with individuals groups, stakeholders and several State officials and Legislators. Through those meetings they reached about 500 people.

The website was successful in terms of reaching out to the public with 4,400 distinct visits who on the average spent an average time of one-minute per page.

There were about 100 people leaving comments on the telephone hotline. Between the website and hotline, there were over 4,500 visitors. Out of the comments that were received: 49 supported the project; 53 people requested information; 52 people opposed a portion of the project; and 132 opposed the entire project. It is estimated that 5,000 people were reached. Three hundred objections were received in one form or another which is about six percent.

Mr. Kuriyama noted that the purpose of the exercise was to listen and respond to the comments received from the public. Some of the comments received dealt with concerns about the residential aspects of the project – selling of

State land, having residential Makai of Ala Moana Boulevard, and being unaffordable to local residents.

There were a number of comments received from surfers, body surfers, and fishermen who were concerned about the impact on their ability to continue to access the ocean and parking.

Mr. Kuriyama noted that there hasn't been much support for the pedestrian bridge at the mouth of Kewalo Basin which was created to provide connectivity between Kakaako and Ala Moana Park. One of the primary concerns is the expected pedestrian traffic that it would create to those people already using Kewalo Basin Park and Point Panic. The other was taking into account the height of ship masts coming in and out of the harbor.

There were environmental issues that were raised on developing on environmentally contaminated lands. Automobile traffic, building in a tsunami zone and saving the land for future Life Science and Biotech industry were part of the concerns received.

Some of the positive comments received were: the need to revitalize the area; support for the vision, type of architecture, and sense of place; benefits of urban infill development; and opening up the waterfront to the public. These comments noted that there would be a fairly significant amount of open space and park along the waterfront and retail component such as the Farmer's Market and cultural market place.

Mr. Kuriyama showed the original site plan that was proposed. The original project included: commercial facilities in Kewalo Park and Kewalo Basin; a pedestrian bridge; retail, dining, entertainment and shopping complex along the waterfront; a signature type restaurant facility at Point Panic; Hawaiian cultural performing arts amphitheater; public parking; and three 200-foot tall residential towers.

Mr. Kuriyama explained that there were concerns about putting more commercial facilities in the Kewalo Basin Park area that is already heavily used by the public. Therefore, A&B is proposing that will stay a park, untouched.

The pedestrian bridge support would have to be built 60 feet high in order to accommodate 75 percent of the boats that go in and out of the basin and for the remaining boats there would have to be a draw bridge. It was clearly unfeasible as a result A&B is proposing to eliminate the bridge.

At Kewalo Basin, A&B did not think that two commercial buildings could be supported; thus, they are proposing to have a smaller commercial facility to service the users of the harbor and create an open space for lunch wagons to park.

Point Panic clearly was an issue for the bodysurfers. It is considered the most beautiful spot over looking the ocean and straight on vistas to Diamond Head. A&B, in its revised proposal, concluded that it should be preserved for open space.

Surfers and ocean users were concerned about the availability of parking. There is a current parking lot in the general area with 50 or 60 stalls. A&B is proposing to expand upon that with 80 parking stalls and another 200 parking stalls nearby. The current parking lot that serves the park will remain. A&B will have to address and come up with a solution to ensure that the parking will be policed so as to be available for park/ocean users and not others.

The final element that was looked at was the residential component. Mr. Kuriyama explained that to implement the vision of work, live, and play, there needs to be people living in the area. It is also the economic engine for the developer, without the residential component, the project from A&B's perspective becomes unfeasible. For those reasons the residential component is necessary which conflicts with those who feel there should be no residential in the project. Thus, the concerns being expressed against residential use can't be fully addressed. However, A&B is prepared to minimize some of the impact by committing to remove one of the three residential clusters, or "pods," thereby reducing approximately one-third of the units in the project. A&B is still evaluating which pod would be removed as there are pros and cons for each pod.

Thus, the revised project concept would be: Kewalo Basin Park is untouched and stays as is; one commercial building at Kewalo Basin and open area for lunch wagons; pedestrian bridge over the Kewalo Basin channel is eliminated; 150,000 square feet of commercial space along the waterfront will be left as originally proposed; once the Pacific Biosciences Research Center is removed at Point Panic, the area will become an open space park; the Hawaiian arts amphitheater; expanded parking area; and the removal of one residential pod. Those were the changes that A&B is recommending.

Mr. Kuriyama explained that by eliminating one of the residential pods, the area devoted to residential is now only six acres, which is about three percent of the 200 acres of land that the State owns Makai of Ala Moana Boulevard.

Taking a step back to see the connectivity of the area with the UH medical school and Kamehameha School's Life Science industry, the residential and commercial activity complements the whole plan for the Kakaako area. Mr. Kuriyama asked if Members had any questions.

Member Liu, on behalf of the negotiating team and the Authority's Subcommittee, noted that it has been a very intense two and a half months. There are several concurrent components of negotiations and discussions with A&B as well as discussions with the community happening. There's been community due diligence, environmental and engineering due diligence, financial due diligence, and legal due diligence. A lot of time has been spent exchanging ideas on potential revisions of the plan. Member Liu thanked A&B for being responsive to the community and to the Authority.

By eliminating some of the commercial activities it will impact the financials for A&B and the financial returns for the Authority. But the Authority is not 100 percent financially driven. There are public values, public benefits, that the Authority endeavors to deliver on and intends to be good stewards of the assets that the people of Hawaii have entrusted to the Authority and to make sure that the Authority derives the highest value for the people of Hawaii. Member Liu recommended that the Authority study the revised plan and make a decision on it at the next Authority meeting. He noted that this would necessitate the postponement of the date that was initially set up of the January date for executing a letter of intent.

Chairperson Kometani stated for the public's information that Ted Liu and staff make up the negotiating team for the Authority and that a Board Subcommittee was also appointed to serve as a liaison to the negotiating team. He noted that this is the first time that the full Authority has seen these changes. Chairperson Kometani echoed Member Liu's appreciation to A&B for listening to the community's input.

Member Fukunaga shared his appreciation for the sensitivity that A&B has shown for the process and taking into account public sentiment and comments. He thought the changes proposed were bold and recognized that it would cut into the commercial and economic viability of the project. He thought it was admirable that A&B still wanted to continue with the project. The revised plan shows great sensitivity for retaining as much of the open space as possible especially in the Point Panic area. Member Fukunaga stated that all but one of the proposals embodied the bridge and that it was not an unusual idea. But the reality is that it is not feasible.

Member Fukunaga questioned whether there couldn't be some kind of improvement on the Kewalo side. He understood the appreciation for the open space but stated that it is not the best position or the best layout that could be employed given the nature of the improvements that would be embodied. He thought everything else was great and looked forward to it.

Mr. Kuriyama responded that for the purposes of this round this represented their best thinking. Other improvements could be addressed at some point by HCDA. There was a lot of concern by the boaters that A&B would come in with an agenda for change. It was important to reassure them that it wasn't that case at all. A&B is still learning how the basin operates. Through the course of this process, A&B has found that it is best to work together to come up with a plan that is acceptable to HCDA.

Member Kimura stated that it looked like the Children's Discovery Center was the only area that would not be improved and asked if there was something that could be done.

Mr. Kuriyama stated that by removing one of the residential pods this creates an opportunity for them to work with the Children's Discovery Center to create parking and opening up the entrance to make it more accessible to the public.

Member Liu asked if A&B was open to removing any one of the residential pods.

Mr. Kuriyama replied that each pod has different impacts, depending on which one is removed, A&B has to evaluate it then present their thoughts to the Authority.

Member Liu stated that the Subcommittee is recommending to the full Authority that the Authority initiate a rezoning process of certain lands that are now within the RFP area and that the lands be rezoned to a park designation. He explained that he had heard a concern wondering what assurances there were that in the future – say two, three or five years from now, a pod would not be built there. Member Liu recommends that the land under the removed pod be rezoned to park designation. The Point Panic site is currently designated as Waterfront Commercial, to preserve the vistas, the site should also be rezoned to park. Member Liu recommends that whatever the outcome with A&B that the remaining lands that have been taken out of the concept be rezoned to keep it a park. The Authority is very interested in open space and parks. There is no action at this point, it is just a recommendation that the

Subcommittee is making, which is the right thing to do and being responsive to the concerns that people have raised.

Member Liu also noted that based on discussions with stakeholders and interested parties and Legislators, a question came up as to what HCDA would do with the proceeds from the sale of the land and the ground lease. It would be helpful to have a discussion at the Authority level.

Member Liu mentioned that the Economic Momentum Commission chaired by Don Horner is made up of 30 businesses, non-profits, and educational leaders that have come out in support of this effort in Kakaako. To their minds they think that to the extent it is consistent with HCDA's mission and vision that it might be appropriate for HCDA to take some of the proceeds of these transactions and re-invest it in Kakaako Mauka or possibly even in Kalaeloa where certain lands might become available. The concept is to redevelop those parcels in Kalaeloa that HCDA would possibly acquire into live, work, learn, play and visit communities with a significant portion of work force and affordable housing. Such an action is consistent with HCDA's mission and clearly defines another public purpose for doing this transaction that is being leveraged. In this fashion, Member Liu explained that relatively more valuable land in Kakaako Makai would be utilized in return for doing something that has tremendously broad community and positive public impact. It would be good directionally for the Subcommittee and negotiating committee and for the Authority, to think a little bit of the use of proceeds. Member Liu then asked for comments.

Member Goshi stated that going through the Kalaeloa process one of the things appeared to be a lack of capital for the area. The State budget is tight and therefore it's a logical use.

Member Fukunaga felt that the benefit accrued from this project would be used to help make those infrastructure improvements and other changes for the concept of an urban village especially in the Makai and Mauka areas.

Chairperson Kometani asked whether the money belongs to the State or HCDA.

Mr. Dinell responded that any proceeds, by law, would go into HCDA's revolving fund for the purposes of Chapter 206E which is the statute that covers both Kakaako and Kalaeloa. He noted that the Authority has the power to set the priorities and the uses of those funds.

Member Mukaigawa thought it was important to discuss where the direction would be.

Mr. Dinell suggested that at the January meeting, staff will present some concept framework for the Authority to react in terms of the discussion and to put structure behind it so there is something that the Authority can react to and for the public to respond to as well. Mr. Dinell thought that the Legislature should be part of the discussion process too.

Member Liu stated that he and Mr. Dinell refrained from making any comments since they had not heard comments from the Authority Members. He took that as helpful directional comments that they can respond to people saying that the intent is to use any proceeds in accordance with our mission, and that might include development of urban communities in Kakaako Mauka and possibly Kalaeloa with the component of workforce housing.

D. Update on Children's Discovery Center

Richard Kuitunen summarized the Information Item distributed to the Authority concerning this matter.

Mr. Kuitunen gave the historical background of the Children's Discovery Center. In 1996, the HCDA entered into a 40-year lease (with a 10-year option) at \$1 a year for the Children's Discovery Center as a non-profit entity. The site is the former incinerator site for the City and County of Honolulu that required extensive remediation and modification to turn it into its current use.

On November 3, 1995, a development permit for approximately 41,000 square feet of floor area was issued for improvements to the structure. Due to construction costs, it was subsequently reduced to 38,000 square feet and the project was completed in 1998.

In November 2005, there was an amendment to the original development permit to allow an additional 7,668 square feet to include construction of a new water play exhibit, a Kid's Café and lanai, and program areas which include staff kitchen, function room, restrooms, storage and laundry area.

Staff believes that the Children's Discovery Center as an interactive, educational facility for adults and children to enjoy together contributes to HCDA's vision to establish Kakaako as the most desirable and sustainable urban place.

Mr. Kuitunen introduced Loretta Yajima, President of the Children's Discovery Center, to share with the Authority their current expansion plans, long-term vision for the center and continuing contribution in making Kakaako's live, work, learn and play vision a reality.

Ms. Yajima explained that the site of the Children's Discovery Center is located on the old City incinerator and that they are celebrating their 7th birthday.

The oldest Children's Museum is in Brooklyn, New York. It is over a 100 years old. A Children's Museum is a place where families and children can go to share and build memories; a place where children can explore; a place where families can learn to discover things about themselves and the world; a place where children can learn to imagine things; and most importantly of all, to learn to dream big dreams and learn that in fact, their dreams can come true.

The Children's Discovery Center is a world class participatory learning environment, that is adjacent to the Kakaako Waterfront Park. The Center consists presently of a little more than 38,000 square feet of high tech interactive exhibits. There are four galleries on two stories and a mezzanine. The Center is a non-profit private 501(c)(3), with a 14 member Board of Directors. Their revenues come from donations and grants, fundraisers, admission, membership fees, gift shop and workshops. Admission, membership, gift shop and workshops are sources of earned income and the rest are contributing income.

The non-profit organization was incorporated in 1985. In 1988, Castle and Cooke donated 5,000 square feet in the Dole Cannery Square to build a storefront museum. But they had to find a permanent home. It was during the Waihee Administration that the Office of State Planning said to take a look at the historic Ala Moana Pump Station and the old City incinerator as possible sites. Back then it was the City abandoned incinerator and a garbage dump. Ms. Yajima explained that they had to raise \$12 million in order to develop the site and to build hands-on interactive exhibits.

In 1997 they had their groundbreaking ceremony and in December 1998 they opened their doors.

The Center believes in early learning to create the greatest impact and since everybody learns in different ways, a hands-on component was important. To ignite children's imagination they believe that they need to work on the entire family to empower parents and caregivers. Learning is lifelong and visitors

range from pre-school to senior citizens. The Center accommodates large school groups on a daily basis.

The Center is a place where families learn together and it is an educational resource for the community. The organization is run like a business by using a business model with a 5-year strategic plan.

Ms. Yajima noted that operating costs to run the facility are astronomical, and explained that earned income covers approximately 55 percent of operating costs with the balance from contributions and donations. More revenues come from admission, membership, donations and grants. If they want to bring in a traveling exhibit, it costs close to \$100,000 and some exhibits are higher with additional charges of shipping and insurance costs. For non-profit organizations, raising funds can be difficult when there are other charities that compete for people's interest and funds, for example Hurricane Katrina.

The Center hosts about 65,000 to 70,000 children and families a year. Their hours of operation are Tuesday through Friday, 9:00 a.m. – 1:00 p.m., Saturday and Sunday, 10:00 a.m. – 3:00 p.m. By noon or 1:00 p.m., it is time for the kids to eat lunch and there isn't any facility for them to eat. Hence, the Center is looking at what can be done to be more self-sufficient and more self-sustaining. They are planning to expand in order to accommodate the needs for programs and demands for services.

Ohe Street will be closed and the area would be grassed over right up to the front entrance of the Center. The Center is planning to build a staging area near the front as a welcome area for school groups and they plan to include a small Kids' Café. More exhibition space will be added, an area for birthday parties will be enclosed and a water play exhibit will be built. Upstairs they are planning to add program space, for workshops, classroom space, and laundry area.

The cost is estimated to be \$5 million, which will include raising corporate monies to subsidize school group visits. While school children pay \$5 per child per visit, the operating cost per person per visit is closer to \$12. Thus, for every school child that comes to visit, the Center has to raise \$7 in private money in order to make the visit to the Children's Discovery Center affordable for school children.

It is part of the Center's mission to bring the outside world to the children of Hawaii. They also have opportunities to establish teacher training resources, develop research facilities, and have already begun discussions with the UH medical school to have their students come and host educational workshops

for teachers and parents in their gallery about the human body. Ms. Yajima closed by thanking the Authority for this opportunity to share their plans and invited the Members to come to the Center.

Chairperson Kometani asked if there were any questions.

Member Kimura asked how many Children's Museums there were in the world.

Ms. Yajima responded that there are over 400 in the United States and a few in Japan and in Europe. The largest in the country is in Indianapolis, Indiana, over 300,000 square feet under roof. The third oldest in the country is Boston and every major City in the U.S. has at least one. New York has six of them in the State.

Member Shiraki asked what is the total operating cost.

Ms. Yajima responded that their operating cost currently is about \$700,000 but most of the staff, including her, are volunteers. Next year will be her 20th year of volunteering full time for this project.

Chairperson Kometani stated that the Authority has always known that the Children's Discovery Center was part of Kakaako and he wished her continued success.

Chairperson Kometani called a short recess at 11:15 a.m. in order for the next presenters to set up. The meeting reconvened at 11:23 a.m.

V. ITEMS FOR ACTION

3. Approval of Extension of Exclusive Negotiations with the University of Hawaii for the Leasing of Land for a Cancer Research Center on the Kakaako Waterfront

Deepak Neupane summarized the Action Item distributed to the Authority concerning this matter.

Mr. Neupane explained that the Authority has been in negotiations with the UH Cancer Research Center (CRC) site since 2002. This past August, the Authority extended the exclusive negotiation period until December 31, 2005, and included certain conditions. UH has met some of the conditions and staff is working with UH on them. Negotiations on the development agreement

and ground lease are on-going. UH has outside legal counsel that has drafted the development and lease agreement that the Deputy Attorney General and staff has reviewed and commented on.

UH is reevaluating the CRC plan regarding the clinical and medical office building portion of the project. Since the final size of the project at this time is not known, it would be more appropriate to wait until it is known to complete the development agreement and ground lease. UH is working on finalizing the plan and needs more time to complete the plan. As such it would be appropriate to extend the exclusive negotiation period for the site. The extension would allow the Authority to review the final plans for the CRC before executing the development agreement and lease of the site.

Staff's recommendation is to authorize the Executive Director to extend the exclusive agreement with the UH for the CRC site for a period no longer than December 31, 2006, and to ensure that the conditions currently imposed by the exclusive negotiation agreement be incorporated in the development agreement and that only the land necessary to fulfill a defined area program be considered in a ground lease to the UH. UH is also required to submit a plan and make a presentation of the revised CRC plans to the Authority by June 30, 2006.

Mr. Neupane stated that Jan Yokota from the University was present to respond to questions.

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

Chairperson Kometani asked if there were any questions.

Member Fukunaga asked for clarification of item #2 in the recommendation.

Mr. Neupane responded that the Authority imposed certain conditions in the last round of exclusive negotiations for parking solution for the medical school's Phase I and II. UH has already been working on some of the conditions, for example, selection of the developer for Phase II of the medical school is scheduled in December and payment of Common Area Maintenance (CAM) has already been done.

Member Fukunaga stated that the part he was unsure about was, "only the land necessary to fulfill a defined area program be considered in the ground lease."

Mr. Neupane explained that if the project were to become smaller then it would be a smaller portion of the land.

Member Fukunaga asked whether that was in anticipation of a possibility of the Cancer Research Center not coming to fruition and that they would use a smaller space.

Mr. Neupane stated that the project as originally proposed was much larger and now, after refinements, they may need less land.

Member Liu asked Ms. Yokota for clarification.

Ms. Yokota responded that at this time, they are not sure. The project has two main components. One is the research component and they have identified the space and area needed for that portion. The second, the clinical component, which they recently received a draft business plan for, will require all the participating groups, the health care providers to make commitments to make that portion happen. There was also a thought initially of having a physician's office building which may be incorporated into the clinical portion. At this point there are a number of different outcomes on the size of each component and in the next few months the exact size will be determined.

The initial proposal that the developer had come up with exceeded some of the height limits that are set for that site. So if the project is done within the height limits that are set, they may need the full area. The project will depend on a number of things that will happen over the next few months especially with the clinical partners.

Member Fukunaga asked what would happen in the case where the size comes out to less than what was originally anticipated, would that land become a remnant parcel and what if it is not embodied to the UH.

Ms. Yokota replied that is why the extension is being reviewed. By June, the University would have a better sense of what will be required and the leased area may be smaller.

Member Fukunaga asked whether the unutilized portion could be of sufficient size to make it usable and not uniquely odd to preclude something else from being developed there.

Ms. Yokota responded that the parking issue is still pending and that part of that site may be needed to fulfill the parking requirement.

Ms. Yokota then updated the Authority on Phase II of the medical school. On December 9 and 12, competing development teams for Phase II will be making presentations to the University. The Board of Regents is scheduled to meet on December 15 at which time they may make a selection. The Regents are meeting to discuss other issues but although not decided yet, may include Phase II on their agenda.

Member Shiraki commented that at the August 3 meeting the Authority approved the extension to December 31 with conditions. He asked if the University has met those conditions.

Mr. Dinell replied that the parking solution was provided but the financial part to the plan is missing.

Mr. Neupane added that the Pacific Biosciences Research Center (PBRC) site is still there.

Mr. Dinell went over each condition. The parking plans were presented without the financials. On the selection of the developer for Phase II of John A. Burns School Of Medicine (JABSOM), the Board of Regents may act on December 15 as Ms. Yokota stated. It is Mr. Dinell's understanding from Interim President McClain that the item will be listed on the agenda but it will depend upon the upcoming developer's presentations whether action would be taken or not. On the payment of the CAM, the University has paid those invoices and remains current. On the commitment to vacate the PBRC, staff is in discussions with the University on this item. Thus, the only condition unmet at this time is the financial part of the parking plan.

Member Shiraki restated that staff's recommendation is to extend to December 2006.

Mr. Dinell replied in the affirmative. He also mentioned that by June 30, the University has to present their plan to the Authority. Mr. Dinell asked Ms. Yokota to comment and asked about the legislative components that might be coming up as well.

Ms. Yokota responded that there has been some legislative interest in helping to support the clinical components but that she didn't know the details.

Member Shiraki asked for clarification about the June 30 deadline.

Member Fukunaga asked what if the University fails to make the presentation on that day.

Mr. Dinell replied that the Authority could direct him to write it into the exclusive negotiations and if the presentation is not made by that date, it could cancel everything.

Member Fukunaga asked whether the December 31, 2006, date was no longer applicable then.

Mr. Dinell responded that if that was the direction of the Authority and also stated that the Authority could let it die right now if they desired.

Member Fukunaga asked if the June 30 deadline was a realistic date.

Ms. Yokota responded that the University would do their best to meet that deadline. The clinical portion depends on the partners making the commitment to support that component. If UH does not get that commitment, they may not be able to move forward. The second thing is that there has been legislative interest in supporting the project. The University will know at the end of session whether that comes to pass.

Member Liu commented that the Authority needs to be satisfied by June 30 so the deadline date might as well be June 30.

Member Fukunaga asked if that was a reasonable date for the University. If that date is difficult, they might not be ready again and may have to ask for another extension. Thus, it should be on a reasonable timetable that would give them a degree of certainty that they would have the information available.

Member Shiraki commented that he had been a Member of this Authority for three years and every time the University said they were going to do something, they haven't come through so Members are trying to give them a nudge.

Mr. Dinell added that HCDA has been criticized by the Legislature for lighting the fire and creating the nudge and perhaps the Authority should be sensitive about that.

Member Shiraki stated that others are probably thinking the same as he is – “why is it taking so long?”

Ms. Yokota stated that the University wants to ensure that they can cover the expense. The business plan just came out a couple of weeks ago and it is a

question whether people will step in to make that plan work. They would be reluctant to commit to a facility that the University could not support.

Member Shiraki thought that June 30 may be a short deadline.

Member Liu stated that he would like to amend the motion to make the deadline June 30, 2006.

Chairperson Kometani asked if there was a second to that motion. Discussion continued.

Mr. Dinell clarified that the authorization to extend the exclusive negotiations would still be needed just the deadline date would be changed from December 31, 2006 to June 30, 2006.

Member Liu asked whether the submittal plan date should then be moved up to no later than the end of April for it to be considered in May. They would need to submit before that so a decision could be made by June 30.

Member Kimura noted that if the deadline was June 30, a decision couldn't be made until July.

Mr. Neupane stated that after the Authority meets, allowance needs to be made to go through the development agreement.

Chairperson Kometani asked if it was realistic to expect something by May.

Ms. Yokota responded that the big issue is whether the clinical providers are able to commit and hopefully they will know the answer in the next couple of months.

Chairperson Kometani asked Ms. Yokota if she had seen the plans for the facility.

Ms. Yokota replied the providers include Hawaii Pacific Health, Hawaii Health Services, HMSA, and a number of other groups. They looked at how much space would possibly be on the clinical size and the cost of building and operating it along with the various types of equipment to make it functional. It is a pretty hefty amount and initial contribution as well as annual contributions so it is up to the providers to commit to be part of it.

Member Lai asked if the presentation were made by June 30, perhaps the period should be extended.

Member Shiraki asked if there was a rational reason why the staff selected June 30 as the submittal date.

Mr. Dinell responded in the negative.

Mr. Neupane stated that staff was just giving UH time to come up with a plan.

Member Lai stated that if the University needed guidance from the Legislature then that wouldn't happen until May and they would present the first part of June. Member Lai suggested a deadline date of August 31, 2006, with presentation in June.

There being no further comments, Chairperson Kometani took a vote on the amended motion to extend the deadline to August 31, 2006, with a presentation to be held by June 30, 2006. It was unanimously approved, 10 to 0 excluding Kalaeloa Members.

4. Approval of Modification (M 1-05), Joint Development and Planned Development Permit for Moana Vista Project at 1015 Kapiolani Boulevard and 1025 Waimanu Street (PD 2-05) and Authorization of the Executive Director to (1) Amend the Public Storage Planned Development Permit (PD 1-05) and Development Agreement; (2) Terminate the Honolulu Design Center Base Zone Development (MUZ 80-01); and (3) Negotiate with the Applicant for the Provision of Permanent and Interim Public Parking

Matthew Akamu summarized the Action Item distributed to the Authority concerning this matter.

Mr. Akamu explained that this is a follow up to the public hearing this morning. The Moana Vista is a mixed-use development project, joint development among three properties, which has residential, commercial and industrial uses. The site is located on Kapiolani Boulevard, Kamakee and Waimanu Streets.

There is a primary development site and adjacent sites to this project. The primary development site is formerly the Honolulu Design Center project. There was a transfer of uses approved by the Authority last June for a transfer between Moana Pacific project Phase III and the Honolulu Design Center project. The Honolulu Design Center project will be relocated in Phase III of the Moana Pacific project. The project site also includes the Parcel 40 site and

is a joint development with Public Storage and Obun Hawaii. The video shop is not included in the project.

Mr. Akamu summarized three basic portions of the project: 1) There is a joint development of the Moana Vista with Public Storage and Obun Hawaii; 2) Modification of the front yard; and 3) Authorization requested for the Executive Director to coordinate existing permits and to negotiate for public parking.

The joint development of Moana Vista will provide expansion areas and additional parking and loading for the Obun Hawaii and Public Storage projects. Moana Vista's storefronts would be complementary with the Public Storage storefronts along Kamakee Street and Kapiolani Boulevard. Approximately 128,000 square feet of transferred and bonus industrial uses will be provided. Reserved housing and public parking would be provided on Parcel 40. Staff feels that this fulfills the criteria for joint development and recommends approval of that development.

The modification request is to reduce the 15-foot front yard along Waimanu Street between 0 and 10-feet; eaves and canopies will overhang into the Waimanu Street road widening area. Seating areas and pedestrian ways will be provided in the area of the 10-foot front yard to create an active pedestrian environment along Waimanu Street. Mr. Akamu explained that the criteria for approval of a modification are that the proposed action would: 1) be superior to what could be accomplished under the rigid enforcement of the rules; 2) not adversely affect neighboring properties; and 3) be consistent with the Mauka Area Plan. Staff feels that this proposal would replace a long parking structure wall with a pedestrian friendly environment along Waimanu Street. The reduced setbacks along Waimanu Street would be enhanced with storefronts, seating areas and pedestrian ways and this is consistent with the land use urban design objectives of the Mauka Area. Staff feels that they have satisfied the criteria and recommends approval of their proposal.

There are other requirements that are tied to this permit: reserved housing; public facilities dedication; and public parking on the Parcel 40 site. Staff has some revised recommendations to be amended in the staff report. For the reserved housing, staff would like to revise the staff report on rents and fees and specifically that no unit shall exceed the maximum allowed rent by formula of the rules. Secondly, parking fees for the reserved housing units would be the higher of at least \$75 per month per space or equal to the rate of public parking at Parcel 40. The revised staff report with respect to the dedication of the land under public facilities allows the credit for the dedication of future road widenings to be accepted without conditions.

Staff recommends that it is appropriate for the developer to provide approximately 124 reserved rental units and that the developer dedicate approximately 10,000 square feet of land which is the area of the road widening on Waimanu Street and a payment of \$1.1 million cash to satisfy the rest of the public facilities requirement. Finally, a provision of up to 100 public parking spaces on Parcel 40 at cost was added.

Upon approval of this Moana Vista project, staff needs to coordinate other permits. Staff's recommendation is to authorize the Executive Director to amend Public Storage's development permit pursuant to the Moana Vista permit and authorize the Executive Director to terminate the Honolulu Design Center permit before issuance of the Moana Vista development permit. Also for the Executive Director to provide for permanent and interim parking, subject to the Authority's approval, on the Parcel 40 site.

Mr. Akamu provided follow up to questions raised by Members at last month's meeting. There was a question as to how many parking stalls will be provided for the Moana Vista site and it was determined to be about 1.5 stalls per unit. There was a question whether the completion of the construction on Parcel 40 would put reserved housing in jeopardy so staff will be requiring a guarantee or escrow fund for the payment of cash-in-lieu for reserved units should the Parcel 40 site not be completed within a reasonable amount of time. As far as the interim parking, during the construction of the Parcel 40 parking structure, staff will explore internal property in the Kapiolani sites podium with the developer.

In summary, this project would have 520 residential units, 12,000 square feet of commercial floor area and 423,000 square feet of industrial floor area. It would be a joint development with Public Storage and Obun Hawaii, utilizing the industrial bonus to bring the FAR to 3.8 for the total site. There is a front yard modification that has been requested, along with public parking provided on Parcel 40, and reserved housing would be approximately 24 percent of the total number of units which exceeds the minimum requirement of 20 percent.

Mr. Akamu noted that there was no public testimony at the public hearing on the modification request. Staff recommends approval of the joint development for Moana Vista, Obun Hawaii, and Public Storage. Staff also recommends approval of the proposed modifications for the Waimanu Street front yard and authorization of the Executive Director to coordinate the existing permits and to negotiate for public parking. Additionally approval of all other recommendations in the staff report as amended today.

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

Mr. Dinell distributed to Members a letter from State Senator Carol Fukunaga and summarized her points. The Senator states that there have been increased concerns about the traffic impacts of HCDA's proposed developments. She notes that she met with the Moana Vista developer and discussed their draft traffic impact report, dated October 2005. Although the report concludes that negative impacts on residents, businesses, users are relatively small, the Senator believes that the traffic impacts would be much greater than projected. She then also discusses the parking impact. The Senator then goes on to basically provide input about public notice saying that it is not sufficient time and that it was issued around the Thanksgiving and Christmas Holidays. If HCDA truly sought public input, the public hearing and HCDA board meeting should be held on different dates. She also has some recommendations that aren't germane to the topic but are more administrative with regard to HCDA's website and posting of information.

Mr. Akamu introduced Allen Leong, developer for the Moana Vista Project.

Mr. Leong stated that they would like to increase the unit count by additional 28 units on the Parcel 40 site. The issue revolves around the definition of floor area and how the Mauka Area Rules includes the elevator hoist area on each floor. Mr. Leong distributed to Members a background paper of the issue. He introduced Joe Farrell from Architects Hawaii to explain the background.

Member Fukunaga asked for clarification of the issue.

Mr. Leong responded that it is an interpretation of the floor area.

Mr. Farrell explained that the Moana Vista project is requesting to allow protective grillage be placed on the exterior elevator without counting the hoist as floor area. If the elevators are open, HCDA does not require that to be counted as floor area. But the elevators suffer from deterioration and causes future maintenance problems so they are recommending installing a grillage around the elevator shaft. Historically, HCDA has followed the City's interpretation that an elevator hoist way is considered floor area unless there is no exterior wall. The question is whether the grillage is considered an exterior wall or not at this point. Also HCDA's definition says that the floor area refers to areas of the full building. But an elevator hoist way does not have any floors.

The economic impact to the developers is losing floor area within the elevator hoist way. This has caused the developers to use more expensive elevators. The grill provides more protection to those elevators. The City and the building department have agreed not to have smoke doors with the 50 percent grill that is being proposed. The City thinks that it is adequate enough to make it a shaft and therefore the smoke won't come in to the space.

HCDA staff wants the City Department of Planning and Permitting to agree that this would not be a closed elevator shaft in the counting of floor area. The developer is requesting the Authority's consideration to allow this grill over the exterior elevator and not to be counted as floor area.

Chairperson Kometani requested definition of open and closed elevator.

Mr. Farrell gave the example of the First Hawaiian Bank and the Ilikai as exterior elevators that are not counted as floor area by the City or HCDA. However, for the Moana Vista project the developer is proposing a louvered grill to be placed on the exterior elevators to give it protection from the rain and elements.

Mr. Dinell interjected that he just consulted with Deputy Attorney General Mel Nishimoto that this is a staff interpretation and is a coordination issue with the City and building codes. It is staff's recommendation that if this issue needs to be considered that it be deferred at this time so that staff can compile the pertinent information and bring it back to the Authority because staff can't make a recommendation at this point.

Deputy Attorney General Mel Nishimoto stated that this is something that the staff has to investigate and get back to the Authority on because this issue has never come up before. Up until now, staff has defined what floor area is in a building. This might be a new issue and therefore staff should be the ones to make a recommendation before the Authority makes a determination as to the rule.

Member Fukunaga asked whether this issue pertains to the recommendation for the reserved units.

Mr. Dinell stated that staff is not recognizing this in the permit being requested today.

Mr. Leong stated that if additional 28 units were allowed, four of those units would be considered reserved housing.

Deputy Attorney General Nishimoto asked if that would increase the reserved units to 128.

Mr. Leong replied from 120 to 124. With the additional 28 units, there would be additional reserved housing units.

Member Shiraki and Chairperson Kometani questioned the four additional reserved housing units with the additional 28 units.

Mr. Leong stated that it is based on floor space.

Chairperson Kometani stated that staff is saying that they cannot recommend this but what he is hearing is go ahead and do the recommendation that is brought forth and then staff will come back to this matter at a future meeting.

Member Fukunaga asked for clarification that it is a glass elevator but a screen will be placed over it.

Mr. Farrell responded that it is not glass but solid elevators. The only difference of these being standard interior elevators is that it would have a grill across the top to protect the elevators from the elements. At the top of the elevators there is a louvered grill and when it rains it doesn't get in the elevator machine, it is 50 percent open, it slopes and has little catches on them for water to come in.

Chairperson Kometani stated that this is not part of the motion that is being approved and that staff will come back if the Authority wants to hear it later.

Member Mukaigawa asked about the maximum allowed rent and wanted to know the actual dollar amount.

Mr. Akamu replied that the unit rent is based on 100 percent of the median household income for a family of four with no more than 30 percent of that for rent. The median is \$67,000 today; therefore, the maximum monthly rent is about \$1,700 per month.

Member Mukaigawa asked if that was for a two-bedroom unit.

Mr. Akamu responded in the affirmative, that the developer is providing all two-bedroom units.

Mr. Dinell elaborated by pointing out that staff followed a previous rental project where HCDA set the parking at a four percent of the rent. In the presentation Mr. Akamu stated parking at \$75/month or the HCDA public parking rate at Parcel 40 whichever is greater. For example, if HCDA sets public parking at \$95/month, the developer renting the units can charge \$95/month to the occupant of a reserved housing rental unit. The developer will have to provide at least one parking stall for each rental but it is not included in the \$1,694 monthly rent which is the maximum amount. They are always allowed to charge less than the maximum rent and the other point about the rental is they have to rent to very specific types of individuals, their incomes can not exceed the median income and so forth. So it is not just rental to anyone, the applicant has to meet the qualifications to get these reserved rental units. Those are outlined on page 19 and 20 of Exhibit F.

Member Shiraki commented about the testimony in the public hearing on the other matter before the Authority today regarding the process of openness and the fact that approvals are done on the same day as the hearing. The Authority has held previous meetings on this project and nobody testified against this project at the public hearing on the modification request. He stated that there is usually a timeframe between public hearing and when action is taken up on it.

Chairperson Kometani stated that at the previous Authority meeting this matter was an Information Item and most of the concerns were addressed at that time. It was suggested that both the modification issue and the action be brought forward today and that if the Authority was satisfied, decision-making would be made at the same meeting.

Member Kimura asked if by approving this, the project is approved.

Mr. Akamu explained that it is a process. The development permit is issued to the developer. There are certain timing requirements that go with the issuance of the development permit. The Honolulu Design Center has the existing permit and land uses are being transferred with the Moana Pacific project so the existing permits need to be administered and completed. Once that is done, the Honolulu Design Center permit can be terminated and then this project permit can be issued.

Member Liu told Member Kimura that there is no more Authority action on the project.

Mr. Dinell clarified this by noting the elevator core issue.

Member Liu stated that there is no more Authority action on this project unless something happens, then it will be brought back.

Mr. Akamu stated that the elevator core question is an administrative question. There are different definitions on what is floor area and staff incorporates those by reference by following the standard procedures on the elevator core as calculated for floor area. But if the City gives HCDA a letter saying that they do not count it as floor area, then HCDA would go along. Up to this point, the City hasn't been able to process that request. So there is no assurance.

Member Fukunaga stated that he assumed that the applicant didn't have any problems with any of the changes and modifications.

Member Chun had a question on the condominium association fees and asked if the monthly fees for telephone, cable and parking would be included in the reserved rental fees.

Mr. Dinell asked Mr. Akamu to correct him if he was wrong, but he was under the impression that the maintenance fee was included in the rent. But the telephone, cable television and parking are outside of that.

Mr. Akamu answered in the affirmative.

Member Shiraki assumed that there was a side agreement between Moana Vista and Public Storage and Obun Hawaii and asked if staff has seen the agreement.

Mr. Akamu replied that Public Storage and Obun Hawaii have sent letters of intent that they are negotiating with the developer to work out the requirements and coordination of the projects for their properties. In the staff report it is mentioned that there are expansion areas for Obun Hawaii and Public Storage so there are preliminary understandings with those two properties owners as to how the Moana Vista is going to work out their interest. But HCDA doesn't have more than a letter of intent from those parties at this time.

Mr. Akamu further explained that typically, upon HCDA's issuance of a development permit, a development agreement including all parties would be executed with HCDA.

Mr. Dinell clarified that in the staff report the applicant, Obun Hawaii and Public Storage must execute a joint development agreement with HCDA,

which binds the applicants to sign collectively to develop and maintain it. Staff doesn't have that document yet but won't execute the agreement until those owners sign off. HCDA has received letters of intent but will not issue the agreement until everyone signs off on the development permit.

Mr. Akamu explained that the development agreement always follows the permit. It is a fine tuning of understanding of how the fees will be paid and how they restrict their uses and what kind of lands they are going to dedicate to HCDA and when they are going to do it. So it is a follow up agreement.

Chairperson Kometani asked if there were any further questions. There being no further discussion, a vote was taken and the motion was unanimously approved 10 to 0 excluding Kalaeloa Members.

5. Approval of the Termination of the Pauahi Place Master Plan (MP 1-94) and Authorization for the Executive Director to Execute a Termination Agreement with Kamehameha Schools

Matthew Akamu summarized the Action Item distributed to the Authority concerning this matter.

Mr. Akamu noted that the presentation was just heard at the public hearing held earlier in the morning. The request is for the termination of the Kamehameha Schools Master Plan and to authorize the Executive Director to execute the termination agreement with Kamehameha Schools.

During the public hearing, there were two testimonies in favor and four people with various objections for the potential use for residential in the Makai area.

Staff recommends approval of the termination and authorization of the Executive Director to execute a termination agreement. The Trustees have already approved this.

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

Chairperson Kometani asked if there were any questions. There were none. A vote was taken and the motion was unanimously approved 9 to 0 with 1 excused (Member Kondo) excluding Kalaeloa Members.

6. Approval to Authorize the Executive Director to Establish a Task Force and Draft Administrative Rules for Kewalo Basin

Richard Kuitunen summarized the Action Item distributed to the Authority concerning this matter.

Mr. Kuitunen stated that the State Department of Transportation (DOT) has indicated that, as of July 1, 2006, they intend to turn over the management of Kewalo Basin to HCDA. The management of Kewalo Basin is included in the Request for Proposals (RFP) in which A&B Properties, Inc. was ranked number one as the developer. Without promulgation of rules, HCDA will be in a position of taking over the basin without operational guidelines when DOT relinquishes jurisdiction. Staff recommends empowering the Executive Director to establish an Advisory Task Force to promulgate and draft the rules and proceed to public hearing. Staff is starting with DOT's rules and is modifying them to improve them with such items as the management of the basin to take care of ships under distress.

There is a possibility of including Common Area Maintenance (CAM) provisions so that maintenance to the basin can be performed and those that benefit can pay for it.

There is a change to the Advisory Task Force recommendation contained in the memo in the Members' packets; DOT has requested to have two members on the Advisory Task Force and staff has no objection to that. Thus, there will be two members from DOT, two members from HCDA, one member from A&B, and two members to represent the basin users themselves. Staff further recommends initiation of public hearing and Chapter 91 process to promulgate the necessary rules.

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

Chairperson Kometani asked if there were any questions.

There being no questions, a vote was taken and the motion was unanimously approved 9 to 0 with 1 excused (Member Kondo) excluding Kalaeloa Members.

Chairperson Kometani asked Members if there were any matters that should be brought up at this time.

Member Kimura requested to discuss Improvement District 11 (ID-11). He stated that he believes that the ID-11 is a flawed project. He believed that there was no public input into the project until after the project was planned. That's when the public was told about it. Since then, businesses have met with the Governor and the Governor has set a number of parameters like permanent and temporary parking.

Since then more issues have come up. For example, the City wants to add double the size of the drains. In a conversation with John Whalen of Plan Pacific, Mr. Whalen expressed to Member Kimura that he felt that the ID should be delayed until after the Mauka Plan was revised. IDs were originally started to jump start development. But Member Kimura thinks that it has reached the point where the IDs are actually counterproductive because most of the business owners don't want the improvements. It is obvious that the road has to be improved but what Member Kimura asked if at the next meeting the subject be placed on the agenda to see if the project can be delayed until the revised Mauka Plan is done.

Chairperson Kometani stated that he did not believe it appropriate to place an Action Item for the delay of ID-11 on next month's agenda. He clarified that the project went through all required public hearings and approvals, including approval from the Governor and Small Business Regulatory Review Board. In fairness to the Authority Members who voted on the approval of the ID Administrative Rules and project Chairperson Kometani did not believe that a deferral was warranted. The appraisals have been completed and all but one owner has accepted the offers to purchase the slightly expanded right-of-way. It clearly does not make sense to stop the project at this point. If any new Members have any question on the project, it should be directed to staff for clarification. The preliminary report from Plan Pacific's subconsultant, Charlier Associates, is included as part of the Executive Director's report and all the streets are going to be the same. So it appears that Queen Street will not change.

Member Kimura stated that the Queen Street couplet is still on the plans as one way. If it is one way it will affect how things are going to be done. There was a plan a long time ago where Queen Street is one way and Halekauwila Street is one way.

Mr. Dinell stated that the preliminary results of the traffic assessment from Plan Pacific and Charlier Associates is included as part of the Executive Director's report. The results confirm that all planned street widths will remain the same and the right-of-way width for Queen Street will not be amended. Other issues are also discussed including a grid and a multi-modal facility.

Member Kimura asked if bike lanes would be included.

Mr. Dinell stated that the lanes will be reconfigured to provide continued automobile circulation and in some corridors pedestrian, bicycles and transit will also be accommodated. The thought process under the preliminary report by Charlier Associates is that the curb-to-curb width is fixed. In the case of Queen Street, it is 44 feet from curb-to-curb; this remains

unchanged. What may change is there may be a parking lane with a bike lane next to it but that is a striping issue.

Member Kimura stated that it is not John Whalen's plan.

Mr. Dinell asked Susan Tamura the HCDA staff planner assigned to the project to offer her comments.

Ms. Tamura stated that Charlier is under contract with Plan Pacific so the preliminary report came out of their effort. It has been established that the curb-to-curb are not going to be increased. There are instances where the design of a multi-modal facility increases the right-of-way widths to accommodate bicycles, pedestrians, automobile and transit. The goal was to try to stay within the planned right-of-ways and that is what Charlier was able to do. Some streets may not be able to accommodate bicycles, but it will be pedestrian friendly.

Member Shiraki commented that his concern was that he didn't realize that when the project was acted upon that it was based on a 1982 or 1983 plan. He asked if anybody looked at whether four lanes were needed and asked to see it.

Mr. Dinell stated that Kaku and Associates completed a study but he didn't remember the year.

Ms. Tamura added that traffic studies have been done. The 1982 plan originally showed a different couplet. A traffic study was done to look at the Ward development, so it has been updated. Charlier most recently has based their proposal on a revised look at the Mauka area.

Member Shiraki asked if he could get an update on the project.

Mr. Dinell stated that an update was done in October and that staff would be willing to provide another update.

Member Kimura stated that the plan was formulated and finished without any public input. In the past IDs were something that the businesses wanted so that they could develop their properties and have government fund those improvements. But now this ID is something that the businesses don't want. This was sprung onto the small businesses and then their parking is being taken away moreover they have to pay for the improvements. He asked whether Members were a business, if they would accept that. Member Kimura stated that he personally wouldn't because he didn't think that it was fair. Then after the ID is done, the City would increase their property taxes.

Member Shiraki commented that Member Kimura represents the area and that he must have a feel for the people in the area. He suggested that Members hear what's happening and maybe after the briefing Member Kimura will be satisfied.

Member Liu said that it might be helpful for the new members and that he would support an informational briefing. He stated that he would be against reopening a decision.

Mr. Dinell stated that for the informational briefing a status update on the project would be presented.

Member Liu commented that background information should also be provided.

Member Mukaigawa requested a timeline.

Member Shiraki requested contract information.

Member Kimura said that someone had told him that Kiewit would be setting up a trailer and asked about expenses for delaying.

Mr. Dinell replied that the commitment is to not start any construction until after the upcoming Holidays.

VI. ADJOURNMENT

There being no further business, it was moved by Member Lai and seconded by Member Mukaigawa to adjourn the meeting at 12:40 p.m. The motion passed 9 to 0 with 1 excused (Member Kondo) and excluding Kalaeloa Members.

Respectfully submitted,

/s/

Paul Kimura
Secretary