

SUMMARY - MEETING NO. 299
HAWAII COMMUNITY DEVELOPMENT AUTHORITY
State of Hawaii

November 2, 2005 – 9:00 a.m.

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

ATTENDANCE

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

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

Members Absent: Grady Chun; and Kay Mukaigawa

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

I. ROLL CALL

The meeting of the Hawaii Community Development Authority (HCDA) was called to order on November 2, 2005, by Chairperson James Kometani at 9:03 a.m. with the following roll call:

Chairperson Kometani	Present
Member Fukunaga	Present, Arrived at 9:14 a.m.
Member Goshi	Present
Member Kimura	Present
Member Kondo	Present, Left at 12:05 p.m.
Member Lai	Present, Arrived at 9:20 a.m.

Member Liu	Present, Arrived at 9:04 a.m.
Member Shiraki	Present, Arrived at 10:40 a.m.
Member Thomason	Present
Member Aila	Present, Left at 10:00 a.m.
Member Chinn	Present, Left at 10:00 a.m.
Member Eng	Present, Left at 10:00 a.m.
Member Souza	Present, Left at 10:00 a.m.
Member Timson	Present, Left at 10:00 a.m.

MATERIALS DISTRIBUTED

1. Agenda for November 2, 2005 Meeting;
2. Summary Minutes of Authority Meeting of October 5, 2005;
3. Report of the Executive Director;
4. Kalaeloa Status Report;
5. Information Item: Status Update on the Kakaako Waterfront Request for Proposal Issued on January 12, 2005, and Contract Award of September 14, 2005;
6. Information Item: Moana Vista Project Proposed by KC Rainbow 2 Development LLC;
7. Information Item: Update on Status of Conditions of Exclusive Negotiations with the University of Hawaii regarding the Cancer Research Center of Hawaii;
8. Information Item: Proposal for the Termination of Pauahi Place Master Plan Permit (MP 1-94) by Kamehameha Schools; and
9. Action Item: Approval of Public Dedication Requirements for the 909 Kapiolani Planned Development Permit (PD 1-04).

Chairperson Kometani called a recess at 9:03 a.m. to enter into Public Hearing on the Draft Kalaeloa Master Plan.

The meeting reconvened at 9:44 a.m.

Chairperson Kometani requested that the minutes reflect that Members Fukunaga, Lai and Liu were in attendance.

II. APPROVAL OF MINUTES

1. Minutes and Summary

Chairperson Kometani asked if there were any corrections to the minutes of the regular meeting of October 5, 2005. However, before Members responded, Chairperson Kometani took comments from Mr. Tek Yoon from the audience. Mr. Yoon requested that the minutes be adjusted to show representation for the Members of the Authority. He also commented that the room was too small and suggested that the meeting be held in a more suitable place for more public input.

Chairperson Kometani responded that Mr. Yoon's comments would be taken into consideration.

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 Lai to approve the minutes as written. The motion passed 13 to 0 with 1 excused (Member 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 six proposals for the Makai parking analysis were received by the submittal deadline. The evaluation committee reviewed the proposals and recommended Wilbur Smith Associates for the project. Staff is preparing the contract.
- Over \$11,000 was raised on October 22, 2005, for the preservation of the Historic Ala Moana Pump Station. Future improvement plans include establishment of a small parking area (with removal of turf to be utilized as grass supplements where needed in HCDA-owned parks); installation of an irrigation system; and new fencing. Additionally, Clifford Planning held a discussion about the future use of the pump station with stakeholders on October 26 and a community workshop will be held on Saturday, November 5, 2005.
- On Saturday, October 15, 2005, the Kakaako Waterfront Park Superintendent notified HCDA staff of the grounding of the vessel

“Two Star.” HCDA Asset Manager visited the scene, inspected the vessel and spoke with Coast Guard officials who were offloading fuel. Staff then contacted the Executive Director to brief him on the situation and contacted the appropriate State agencies – Department of Health (DOH), Department of Land and Natural Resources (DLNR), and Department of Transportation (DOT). Since current law requires the owner to remove the ship in distress or obtain his consent for the State to take action unless the ship poses a danger to safety or environment, the vessel remained grounded on the rock revetment over the weekend. At 1:00 p.m. on Tuesday, October 18, 2005, staff received a call from Pacific Environmental advising that they had been awarded the salvage contract due to the ship breaking up. Staff prepared the necessary Right-of-Entry for the Park to allow the company to commence clean-up operations by 2:30 p.m. Removal of the ship and flotsam was completed on Friday, October 21. DLNR will assess any damage to the reef or revetment and advise HCDA accordingly.

- The Attorney General’s office is still reviewing the liability issues regarding the Honuakaha Roof Reconstruction. Request for release of funds and advertisement for bids for construction has been approved by the Governor’s Office. Cost estimates have been completed. Group 70 will complete the construction documents by October 21, 2005. Staff anticipates publishing notice to bidders by November 14, 2005, and selection of contractor in December 2005. The Authority’s Subcommittee/Task Force plans to meet on November 4, 2005, for a more in depth briefing.
- Staff is working with a public charter school – Halau Ku Mana – to utilize 4,200 square feet of the open air structure netshed at Kewalo Basin for their 100 students in grades 7 –12 beginning December 2005. In exchange for using the space, the school will develop plans for a native Hawaiian coastal plant garden in the park. They will, at their expense, construct and maintain the garden. Additionally, they will devote a minimum number of hours per month in general cleaning of the park area. It is hoped that this increased daily presence will reduce the amount of unauthorized and undesirable activity in the area. Space will continue to be available when a fisherman needs to utilize the shed to dry/repair nets although with the change in technology this occurs only once or twice a year. The month-to-month tenancy for the school is slated to expire in December 2006 and is assignable to the Waterfront Master Developer.

- The City is reviewing construction plans for ID-11 Queen Street Improvements, from Kamakee Street to Ward Avenue. The City is requiring additional drainage structures for Queen Street and an updated Sewer Master Plan for the Mauka Area.
- Eight out of 11 owners accepted purchase offers for the land needed to conform Queen Street to a 60-foot right of way. Staff is updating title searches necessary to commence condemnation proceedings on the balance.
- Mr. Dinell reported that State Senator Suzanne Chun Oakland sent a letter to HCDA that stated that many people have contacted her office indicating “they are highly dissatisfied with the proposal to construct very expensive housing near the waterfront.” Senator Chun Oakland strongly urged HCDA to reconsider this aspect of the proposed development. A copy of the letter was attached to member’s packets.
- A copy of a recent speech by the President of the Urban Land Institute was included in the Members’ packet because it was especially topical and pertinent as HCDA moves forward on implementing the 2002 Waterfront Business Plan.
- Staff will be participating in “World Town Planning Day” to be held on November 8, 2005, at the University of Hawaii Manoa by sharing information about HCDA.
- HCDA, along with DBEDT, is a sponsor of the “Finding Your Future @ KB Park: Getting in on the Biotech Business at Kakaako” Conference on Thursday, November 17, 2005. The program is dedicated to examining the requirements for creating a world-class biotech park in Kakaako as part of a mixed-use development, and how the community can play a key role in supporting the State’s overall goal of building a strong biotech commercial industry. The Executive Director will be giving a luncheon talk to the Building Owners and Managers Association (BOMA) group as well as participate in the afternoon program, which is followed by an extended network opportunity. All activities will take place at the John A. Burns School of Medicine and the proceeds after conference expenses will go to support academic scholarships at the medical school.
- Not included in the written report but discussed over the past several months are the disposition of HCDA-owned lands in Heeia on the

Windward side. DLNR has firmly indicated that they want HCDA to clean up the illegally dumped items as recommended in the Environmental Phase I report and then they would receive conveyance of the land. Staff will prepare an Action Item for a future Authority meeting.

Chairperson Kometani asked if there were any questions for the Executive Director. Member Kimura had a question regarding the ID-11 report and asked what would be the ramifications of the City requiring additional drainage structures on Queen Street and an updated Sewer Master Plan.

Mr. Dinell responded that the ramification of the first issue is that more catch basins would be added which comes with a challenge of locating those catch basins because various business owners have been promised driveways. Staff disagrees with the Department of Planning and Permitting's (DPP) findings and feels that the slopes are sufficient, and the existing designed amount of catch basins are sufficient to handle the expected storm water run-off. With regard to updating the sewer plan, again staff is in discussion with DPP. The ramification of both of these items is that it delays the start of the project and since the contractor has been given the notice to proceed, staff would like to start the project after the holidays. Staff is continuing to work with DPP in trying to resolve these two issues.

Member Kimura stated that for small businesses driveways are critical.

Mr. Dinell replied that staff acknowledges that and has taken the position that the design is sufficient and that no driveways should be eliminated to put in catch basins.

Member Aila wanted to comment on the report of the "Two Star." He stated that there were two Division of Boating and Ocean Recreation employees (Meghan L. Statts, Harbor Master at Ala Wai and Wesley Choi, Harbor Master at Keehi) who came in on their day off and within 24 hours of obtaining the release from the owner had executed a contract for the removal of the vessel. Member Aila wanted those two employees to be recognized for the efforts.

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 in reference to the public hearing on the Draft Kalaeloa Master Plan, he would be updating the Authority in December on how the comments and testimony received would be incorporated into the plan.

Staff received authorization to recruit and fill a vacancy for a Program Specialist. The advertisement for the position was released on October 16 as well as posted on HCDA's website and a copy of the vacancy announcement was attached in the Members' packet. The recruitment period for the position closes on Friday, November 18, 2005. The position will be located in Kalaeloa and will become the public presence for HCDA within the district.

In regard to the Aircraft Carrier Strike Group homeporting issue, there was no new information with the exception that the Chamber of Commerce reported that a decision may be forthcoming in early 2006.

Staff has been preparing the legislative proposals for the upcoming session. One proposal is a request for Capital Improvement Project (CIP) funds as part of the Administration's supplemental budget request and the other proposal is for State issuance of General Obligation Bond funds contingent upon the City and County establishing a Tax Increment Finance district in Kalaeloa as a means of supporting the redevelopment and getting greater city involvement in the redevelopment.

Mr. Enomoto concluded with the report that the Economic Momentum Commission has incorporated the development of workforce housing in Kalaeloa as part of their recommendations.

Chairperson Kometani asked if there were any questions.

Member Fukunaga questioned the Economic Momentum Commission's proposal for partnership through land acquisition.

Mr. Enomoto responded that as part of the process of recommendations coming together, staff submitted thoughts about implementing the mixed-use development along the Roosevelt and Saratoga Road alignment to get some interest in the first phase of the development.

Mr. Dinell pointed out that the lands are brokered and that the Navy is intending to sell those lands to fund the Ford Island Development.

There being no further comments, Chairperson Kometani called a recess at 10:00 a.m. to allow Kalaeloa Members (Members Aila, Chinn, Eng, Souza, and Timson) to depart, as the remaining agenda items were Kakaako related.

The meeting reconvened at 10:05 a.m.

B. Status Update on the Kakaako Waterfront Request for Proposal Issued on January 12, 2005, and Contract Award of September 14, 2005

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

Mr. Neupane stated that on September 14, 2005, the Authority selected A&B Properties, Inc. (A&B) as the Master Developer for the Makai Area lands as set forth in the Waterfront Request for Proposal (RFP). At the same time the Authority established a negotiating team to negotiate the lease and development agreements. The Authority also established a Subcommittee to assist the negotiating team in its task of preparing the lease and development agreements.

The negotiating team is working with outside legal counsel and the development/financial consultants in preparing the development agreements. As part of the RFP requirement, A&B is completing due diligence before the lease and development agreements can be executed. A&B is also conducting community outreach as required by the RFP.

In September and October 2005, A&B discussed the project at the Ala Moana/Kakaako Neighborhood Board and addressed questions from the public. On October 12, 2005, A&B presented its proposal to the Kakaako Improvement Association. A&B has also established a website for the Waterfront project where the public can view the conceptual plan for the project and provide feedback. They have also held several talk-story sessions and other public informational meetings with stakeholders and the general public.

Mr. Neupane introduced two A&B representatives, Meredith Ching to provide an update on the public outreach, and Mike Wright to give more detail on the status of due diligence activities.

Ms. Ching thanked the Authority for the confidence shown in A&B in implementing HCDA's vision for the Kakaako Waterfront. She reported that immediately after the selection announcement, A&B proceeded to develop a

public outreach program for the project, recognizing that the procurement process precluded the public from knowing anything about their project proposal.

The outreach program included: community outreach, media outreach and government outreach.

To gather input from the community A&B used three methods to broaden their reach into the community: face to face meetings, establishment of a website, and a telephone hotline. For those with the closest interest in the project, A&B tried to meet with them face to face. They developed a list of key stakeholders which included various neighborhood boards such as Ala Moana/Kakaako, Waikiki and Downtown; the Kakaako Improvement Association; and the Kakaako Business and Landowner's Association. They also looked at current users of the area: surfers, body surfers, and users of Kewalo Basin, neighboring land owners: including the UH medical school, Children's Discovery Center, Kamehameha Schools, Victoria Ward, Cancer Research Center of Hawaii, Hawaii Life Sciences Council and special interest groups such as the Chamber of Commerce, Urban Land Institute, Sierra Club, Outdoor Circle, and the Farm Bureau. Invitations were issued to these stakeholders to participate in one of two talk-story sessions and for those who could not attend smaller groups sessions were convened or presentations were made at the scheduled organization meetings.

Through this process A&B was able to reach about two-thirds of the individuals and organizations that were identified and are following up with those with whom they haven't met. Ten meetings have been held to date covering about a 100 people with more meetings being scheduled. A&B also spent 13 hours handing out fliers, talking to users of the area inviting them to meet and just talking to them one-on-one about the project.

A website was established within two weeks of the announced selection to broaden the reach to the public. The website is intended to serve as a source of information about A&B; the project proposal; project site plan with artist renderings; and includes frequently asked questions as well as responses that have resulted from the outreach efforts. People can also leave a comment or question and learn about the upcoming public meetings. If the requestor's contact information is provided, a response will be sent.

As of the end of October, there have been nearly 44,000 hits on the website with 1,900 of them being first time visitors. Viewers spent nearly a minute (56 seconds) on each page. The largest number of site visitors is via the HCDA website. There have been 61 comments to date via the website.

For those who don't have internet access or don't like to use the computer, A&B has also established a telephone hotline which people can call. They have four options: 1) hear description of the project; 2) hear listing of the public meetings; 3) leave a comment; and 4) leave their mailing address if they want information about the project. Through the hotline, 27 comments have been received to date.

Thus, there have been a total of 88 comments received via the website and the hotline. Fifteen were in support of the project, 23 requested more information, 34 had concerns with some element of the project, and 16 were in opposition to the project. Responses were provided to those who left their contact information but people also have the option of leaving comments anonymously.

The media is a key source of information for the public. Editorial board meetings were held with Honolulu's key print media outlets – the Honolulu Advertiser, the Honolulu Star-Bulletin and the Pacific Business News. News releases were issued when A&B launched the website and as a result the Advertiser and the Star-Bulletin ran articles, helping to draw people to the website. An opinion editorial piece was submitted by Francis Oda in the Sunday Honolulu Advertiser.

To date, A&B has briefed more than 30 elected officials both on the state and county level about the project, mostly through one-on-one meetings.

There has been a mixture of responses from both the government and the community. On the positive side there are those who want to see the clean up of the aging industrial area and are happy to see it developed into a gathering place for the community. There are those who like the sense of place to be created. They like the host culture integration of the project and the fact that it was designed and scaled to the Hawaiian style of living. Many liked the idea of a live, work, play, and learn community in the midst of urban Honolulu. Many were happy to hear that the ocean and park land were all places that the public could go and would not be cordoned off for private uses. People also liked the continuation of the green open space provided along the entire ocean front and how the project design works to connect to Ala Moana Park and the existing Kakaako Waterfront Park. Many liked the Farmers Market and cultural market place concepts that will be embraced through the commercial area.

There have been concerns expressed as well about elements of the project. Concerns about the residential component included: affordability - people are

concerned that these will be homes only for the wealthy and the 20% affordable housing will not remain affordable over time; State land should not be sold in fee for residential uses; there shouldn't be any residential units Makai of Ala Moana Boulevard; and that the high rises will block views.

On the subject of public access, people are concerned that there will not be enough free parking for park and ocean users and therefore the public will be shut out of the shoreline and park areas.

On the proposed pedestrian bridge across Kewalo Basin many have asked whether it would be high enough to allow boats with tall masts to get in and out of the harbor. Some expressed concern that if pilings are used it may create backwash that will disturb the surf break and others believe that the bridge will be a visual blight. Lastly, people were concerned that the bridge will attract more people to the area and will change its character.

On the commercial element, comments received were that there is already too much retail in the area.

Regarding Kewalo Basin, many acknowledged that improvements are needed but questioned how much slip fees will increase and who will manage the marina.

There have been some environmental concerns as well. Some have expressed that the area is known to be an area with environmental contamination and wanted to know how the area would be cleaned up and if A&B would guarantee that the pollution did not get into the water.

There is traffic concerns, people felt that traffic in the area is already bad and that this project will only make it worse. There were some concerns about specific road alignments in the area.

On top of people's minds are the recent national disasters such as hurricanes and tsunamis and some people question the development along the waterfront.

Lastly, some people feel that the Makai area should be first and foremost to carry out the future of life science and the biotech industry.

Through the outreach effort to date, approximately 2,100 people have been informed about the project either through face to face meetings, website or the hotline. Of the 2,100 people approximately 100 people (less than five percent) in total have voiced opposition to the project or some element of the project.

Responses will be sent through direct e-mails or phone calls. For others they have been notified that a response will be sent after the due diligence process is completed.

Mike Wright provided a brief update on A&B's progress with respect to Kakaako Makai. Mr. Wright reported that, in addition to full-time staff, there is an environmental team, geotechnical civil engineers, and consultants who are reviewing the physical attributes of the project.

There are numerous aspects of the project including: public facilities, retail and residential components. A&B is continuing to refine the project by looking at ways to improve and provide the community full access to all areas in the Kakaako Waterfront Project.

Originally the amphitheater was seen as a hula halau venue but A&B is exploring ways to improve the concept to make it a widely viable entertainment venue which would be used much of the year rather than something that is used sporadically.

On refining the marina plan, A&B is learning from the community outreach with boaters, users of the Kewalo Basin, charter boat operators and fisherman how to improve the marina and ways to make it a magnificent boating facility.

A&B is working with Kamehameha Schools as well as University representatives on how to best work together on solving the parking issues of the Kakaako Makai area.

A&B is continuing to refine the tenant mix of the retail portion and find the most appropriate way to develop the waterfront by providing maximum pedestrian access to the waterfront. They are listening to the community and would like to make it truly a place for locals to enjoy the waterfront and outdoor atmosphere.

Chairperson Kometani asked if there were any questions for the presenters. There were no questions from the Members. Chairperson Kometani thanked A&B for its community outreach efforts.

Mr. Dinell distributed Mr. Tek Yoon's comments to the Members.

Mr. Tek Yoon distributed State Parks maps showing its master plan from the 1970's and 1980's. He stated that he is a resident of the Kakaako ahupuaa and stated that as far as he could remember from the airport to Diamond Head, open space was the will of the people. Mr. Yoon stated that he was part of the

Sand Island Task Force created by Governor John A. Burns and continued under the George Ariyoshi Administration. He, along with the Kalihi Palama Businessman's Association, covered every business along Sand Island Road and Matson to get the State Park.

Mr. Yoon stated that open space for the Kakaako Makai area was the will of the people. He said that State Parks had an active public input system for people to voice their input.

Mr. Yoon thought that HCDA was a chronic oversight who is forgetting the will of the people. He said that he asked everybody and was told that they were not aware of public hearings on the Kakaako Mauka or Makai. He said that people were surprised that the medical school was built and that nobody had input. He cited that the sewer system, opala system and even the dump were for disease prevention but because it looked dirty they were kicked out.

Mr. Yoon stated that Kakaako was a thriving neighborhood community but they all got kicked out. He asked if residences with low or moderate income were replaced.

Mr. Yoon stated that he asked people in the Mauka and Makai areas if there was any survey done and they replied there was none. He commented that there was no active public input and in his opinion there is "no play," in the work, live, visit, learn and play motto.

There being no further comments, Chairperson Kometani called a short recess at 10:30 a.m.

The meeting reconvened at 10:32 a.m.

C. Moana Vista Project Proposed by KC Rainbow 2 Development LLC

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

Mr. Akamu explained that the proposed Moana Vista project is a planned development to be located on Kapiolani Boulevard, Kamakee and Waimanu Streets. The project has a primary development site and adjacent sites. The primary development site is located on the Honolulu Design Center project. The adjacent sites include: the Public Storage site which is currently under construction and the Obun Hawaii property which is a two-story building.

The Honolulu Design Center project was approved by the Authority in 2001 for a base zone development with four stories with a furniture store and related interior design outlets. That project later stalled.

The Moana Pacific project is a planned development with two residential towers that was approved at the end of 2003 and is currently under construction. There was some concern expressed by the Authority on the Phase III of the project. Phase III plans initially included a three story industrial building on Kapiolani Boulevard. However, there was some uncertainty as to whether Phase III would be built at all because the developer cited that if there was no market support, it would not be built. In the event, Phase III was not built, there would basically be a large landscape area about a half an acre to three quarter acre along the frontage of Kapiolani. HCDA voiced concerns that Phase III should be more pedestrian friendly with commercial activity along the Kapiolani frontage.

Earlier this year, HCDA adopted a new rule that provided for transfer of uses between two sites under the same ownership. The rule provides for flexibility in transferring uses in exchange for certain commitments from a developer to provide public facilities that are needed in Kakaako.

KC Rainbow (KCR) is the developer of the Moana Pacific site and they reached an agreement with the owner of the Honolulu Design Center to acquire the Honolulu Design Center site, thereby becoming the owner of both sites and qualifying them to transfer uses.

As the new owner of the Honolulu Design Center property, KCR entered into an agreement with HCDA to provide public parking (public facility requirement) on a portion of their new property called "Parcel 40." Currently they have provided asphalt paving on the site to be made available to the businesses affected by the Queen Street improvement district.

In July 2005, HCDA approved the transfer of uses between the Honolulu Design Center site and the Moana Pacific Phase III. By transferring uses, this would now allow Phase III of the Moana Pacific to allow commercial uses to be built and the requirement of industrial uses of Phase III was transferred to the Honolulu Design Center Project. The transfer of uses does not affect the maximum floor area of either site; it just allows transfer of uses from one site to the other.

The Honolulu Design Center will now be relocated to Phase III of the Moana Pacific site and the Honolulu Design Center site is now the site of the Moana Vista project.

Mr. Akamu introduced Fred Chan, the developer of the Moana Vista project.

Mr. Chan explained that the keys to the project are timing, cost, creation of critical mass and efficiency. The project is designed for the local average people and price range. They would also provide affordable housing according to the HCDA rules based on the residential square footage, providing an estimated 130 reserved housing units as well as public parking.

The shape of the site is difficult to develop. Thus, they would like to redevelop the whole neighborhood to create critical mass and to target the local community. The four areas for development are along Kapiolani Boulevard to provide consistent, architectural, functional elements: 1) residential and pedestrian friendly retail; 2) residential towers; 3) Waimanu Street storefronts; and 4) Parcel 40 for condos and public parking.

Adjacent to the project on Kapiolani Boulevard, is Public Storage which is currently under construction and an existing video shop and bar. They discussed with adjoining businesses the design of the project with future integration and development in mind for a consistent look. They are still in discussions with the video shop and bar landowner, but have not yet reached an agreement.

They are requesting joint development to create critical mass, and architectural and functional integration for the whole project. Along Waimanu Street, Moana Vista will include 20,000 square feet light industrial area for Public Storage to expand and 4,000 square feet of light industrial for Obun Hawaii to be incorporated within the parking structure. Some parking will be provided in the Moana Vista podium.

The Moana Vista Project is proposing 5,000 square feet of retail along Kapiolani with the same look as Public Storage. The residential tower will be 400 feet tall, 220 feet wide, providing 492 units, and 5 floors of parking. There will be other light industrial spaces along Waimanu Street.

Parcel 40 will provide temporary public parking for HCDA for two years and then KCR will build a parking structure 3-stories high, with 56 two-bedroom units. Half of the units in Moana Vista are 700 square feet two-bedrooms with one bath. The balance will be upgraded two-bedroom units of 900 square feet and 1,000 square feet that have two baths.

For the affordable housing, the units are all two-bedroom units, targeting rentals to qualified persons in accordance with HCDA guidelines. Twenty percent of the total residential floor area in the Moana Vista are for affordable

housing totaling 128 units. Seventy-two units will be located in the main tower and 56 units on Parcel 40 across Waimanu Street.

Disposition of the parking structure on Parcel 40 will depend on HCDA. Currently HCDA leases 80 parking stalls until the end of March 2008 at \$75 per stall, per month. HCDA has the option by January 1, 2008, to purchase up to 100 stalls at cost (construction and prorated land value).

Moana Vista is requesting a proposed modification to reduce the required 15 foot yard setback along Waimanu Street to 10 feet. This will make the design architecturally useful and will also provide pedestrian friendly storefronts to avoid a wall effect.

KCR is asking the Authority for any feedback because they would like to return in December for public hearing and approval of the modification. The Tower foundation is scheduled for September 2006 with completion two years later. Parcel 40 development will depend on the needs of HCDA.

Mr. Chan stated that there were several comments that they were not able to address because they were invalid or not feasible.

For joint development according to section 15-22-80 of the rule “that the area involved is compact, regular or logical.” Mr. Chan stated that HCDA’s interpretation is not reasonable because it is looking for mutual co-dependent to survive. HCDA asked Moana Vista to divide into two towers, one on Moana Vista and one on Public Storage. The expansion is not feasible and will be too expensive and Public Storage will not agree.

Mr. Chan reported that HCDA was requiring a Cummins Street extension be built but the extension is not listed in the master plan and the previous developer obtained their permit without the road extension. In addition, there is no supporting data showing a need for the extension and will cause a negative impact to the project because it takes away too much land, shifts the building structure, and will lose 200 parking stalls, making the project not feasible.

HCDA also requested a width reduction of the tower on Kapiolani but there is no width regulation under HCDA rules. Initially the project width was 308 feet and was reduced to 244 feet and now it is at 220 feet. Any further reduction will make the project not feasible and when compared to other projects in the district - 220 feet is about the mid range to other developments.

Mr. Chan concluded that the existing site looks abandoned and the previous development was on hold for 5 years. Moana Vista is designed to target the local community by providing a good product mix at an affordable price range for local buyers. Moana Vista will provide 128 affordable housing units and public parking will be provided on Parcel 40.

Mr. Akamu concluded the presentation. The project includes two towers with a total of 548 residential units, 5,000 square feet of commercial area that would be located along Kapiolani Boulevard frontage and 26,000 square feet of industrial space which would be expansion storage areas for Public Storage and Obun Hawaii operations as well as storefronts along Waimanu Street. The development would be maxed out at 3.8 FAR for the entire site that would include the primary site and the adjacent sites.

The joint development proposal with Public Storage and Obun Hawaii would be utilizing the industrial bonus, additional industrial is allowed to be added onto a project up to .3 FAR and these two projects would absorb that option. Front yard modifications along Waimanu Street, public parking on Parcel 40 subject to HCDA's negotiations with developers as far as number and cost per public stall.

Finally, 23 percent of the total number of the units would be provided for reserved housing under this proposal as opposed to the normal requirement which is 20 percent; this is possible due to the developer's strategy to provide 20% of the residential floor area in reserved units, so by providing slightly smaller units, they are able to increase the number of units.

Mr. Dinell pointed out that staff has tentatively scheduled a public hearing next month to receive public input that is required for the modification request and then pursuant to past Members' comments, have action at a subsequent meeting.

Chairperson Kometani asked whether Members had any questions.

Member Kimura asked what modifications were needed for the public hearing.

Mr. Dinell responded that the modification request was for the front yard setback on Waimanu Street.

Member Kimura asked whether a public hearing was held for the 909 Kapiolani Project.

Mr. Dinell replied that 909 Kapiolani did have a public hearing and two months later, HCDA had an Action Item.

Member Liu asked whether a public hearing was necessary for every modification.

Member Thomason asked whether a hearing was required even if it was already approved for the same location.

Deputy Attorney General Mel Nishimoto replied that a public hearing is required because it is for a different project.

Chairperson Kometani asked for clarification whether a public hearing is required because modified setback was approved for 909 Kapiolani.

Deputy Attorney General Mel Nishimoto replied that regardless whether the project is in the same area, the request is for another project so a public hearing is required. The rules have always been interpreted as approval for each project.

Mr. Akamu clarified that the rules apply by development project. If, in general, questioning whether Waimanu Street requirements should be adjusted, that would be a plan amendment along Waimanu Street. But this is a modification request for projects. Projects can request various things to make the project work better and in the case of 909 Kapiolani, there were five different things that were requested for modification, encroachments, and height of the podium. In the Moana Vista project, the developer is asking for one item, modification of the Waimanu Street front yard setback.

Member Thomason commented that according to the staff schedule as outlined by Mr. Dinell, it would not be in sync with the developer's timeline because of the public hearing and vote in January. She then asked if it was possible to vote after the public hearing.

Mr. Dinell responded that it was the prerogative of the Authority. The requirement is for a public hearing for the modification request and it would be possible to take the action at the same meeting. He was just relaying that in the past staff had received feedback that it is not a desirable format but it is the discretion of the Authority.

Member Kimura asked whether the parking was negotiated.

Mr. Akamu replied in the affirmative.

Member Kimura asked if the agreement was only up to the year 2008.

Mr. Akamu responded that the parking agreement was a letter of agreement that has features for temporary and permanent parking. For the temporary parking, a surface lot is supposed to be provided for businesses affected by ID-11.

Member Kimura commented that the Governor stated that there would be over 100 parking spaces for those businesses.

Mr. Akamu replied that this is one of the sites. KCR put in surface parking for 107 parking stalls on a temporary basis. The agreement is for 90 stalls to be set aside for the businesses along Queen Street for their use during the construction of ID-11. Permanent parking would be in conjunction with the development of a parking structure when the developer is ready to construct Parcel 40. There would be a period where public parking would not be available during the interim construction timeframe on Parcel 40.

Chairperson Kometani questioned the amount of parking available. It was mentioned that there would be five floors of parking and with mostly 2 bedroom units; he assumed that two parking spaces would be provided. Chairperson Kometani asked what the parking ratio is. He also questioned how many parking spaces would be provided on Parcel 40 for the 56 units because HCDA would also have parking.

Mr. Akamu replied that those details have not been worked out yet. He stated that the parking requirement for the residential units was based on the square footage of the unit, around 1.1 stalls per unit and with the larger units about 1.35 stalls per unit.

Chairperson Kometani asked what was the square footage of the larger units.

Mr. Akamu replied over 800 square feet. He commented that the exact design of Parcel 40 was not known yet. It would have to be discussed with the developer, the commitment for public parking as well as their parking requirement for the reserved units on the site. There might be an opportunity to share parking if there was an overflow in the tower; people could go to Parcel 40 as a secondary parking supply or share parking with the public parking and the business parking in the neighborhood. It is still in general discussion stages with the developer.

Mr. Allen Leong from KCR clarified that on Parcel 40, the minimum parking requirement for the housing units will be met. For a unit size of 800 square

feet or better, the parking ratio is 1.35 stalls per unit, which is the minimum requirement for HCDA. In addition to the minimum parking requirement of Parcel 40, 100 parking stalls will be built for HCDA to purchase in fee or in lease. But HCDA has the option to purchase up to 100 stalls if there is a future need for it. The building will be designed for a hundred stalls that HCDA can purchase under the written letter of agreement.

Member Kimura stated that his concern was that there would be no parking when the temporary parking period was over and when construction on Parcel 40 starts.

Mr. Leong agreed that the parking would disappear.

Member Kimura expressed his concern for the ID-11 project parking.

Mr. Dinell stated that the letter of agreement also has an option for HCDA to condemn the property and acquire it in fee. If not having the stalls during construction was of such grave consequence, the property could be acquired and kept as a surface lot.

Mr. Chan stated that they could finish the Moana Vista tower first because there would be excessive parking based on the 1.35 ratio. Right now it is about 800 stalls.

Member Fukunaga questioned whether staff was at odds with the developer's proposal because Mr. Chan mentioned a couple of conditional items such as the Cummins Street extension and putting the second tower on Public Storage space.

Mr. Akamu clarified that it was one of the earlier discussion points that have already passed. He explained that the tower was too wide in the Ewa to Diamond Head direction and that staff was concerned that it would create a large mass looking in the Mauka-Makai direction so it was suggested to split the one wide tower into two. In the course of evaluating that idea with Mr. Chan's architect, it became evident that it was a cost element that would be inefficient as far as meeting the development program for more affordable housing units.

Member Fukunaga stated that it was no longer an issue and asked about the Cummins Street extension.

Member Liu also questioned the Authority's level of comfort with the width of the tower as currently designed.

Member Fukunaga asked whether there was agreement on the 220 feet width.

Mr. Akamu stated that the Authority could ultimately make that determination. But from the staff's point of view it is an improvement from the original design of 300 feet wide.

Member Fukunaga commented on the reference that the sizing was not feasible.

Mr. Akamu stated that it referred to the first draft. He asked Mr. Chan for clarification.

Mr. Chan clarified that he put that in the presentation for the sake of history. Originally the project was 308 feet wide and the staff asked to split it into two buildings. But it was not feasible because of the cost. So they reduced the width to 240 feet. HCDA still requested further reduction, so they decided to erect something on Parcel 40. Now they have a solution of 220 feet wide and to build a permanent structure on Parcel 40 later. The agreement on Parcel 40 temporary parking expires in two years and the Moana Vista Tower will be completed in 2009, Mr. Chan asked if Parcel 40 could be constructed after the Tower is completed. He commented that he knows that parking is a problem, which is why the Cummins Street extension was not feasible because it would cut through the parking. Mr. Chan thought that the parking stalls could be provided in the Tower parking in the transition period if HCDA allowed them to the construct Parcel 40 later. But that would also mean that the affordable housing would not be built at the same time.

Chairperson Kometani asked what was the discussion on the Cummins Street extension and asked whether it was related to access to the property.

Mr. Akamu responded that it was an idea to address traffic circulation in the general neighborhood. There were discussions with the staff at the City's Department of Planning and Permitting. The City felt that there was a lack of Mauka/Makai traffic circulation in the district in general and that there was so much congestion on Ward Avenue and on Piikoi and Kamakee Streets. Traffic congestion might improve if there were other routes in the Mauka/Makai direction. However, as Mr. Chan presented, there were no studies to validate that idea and there is no requirement for that road in HCDA's plan. But it was presented as an opportunity.

Member Fukunaga asked why the concept was being introduced at this late date if it would not make the project viable.

Mr. Dinell interjected that when a development proposal is received; staff reviews it and then sends it to the City Department of Planning and Permitting (DPP), Board of Water Supply and to the State Office of Historic Preservation. In the course of this process, called Project Eligibility, if agency comments are received, they are compiled and then shared with the developer. In this case, there was an agency comment as Mr. Akamu indicated with DPP on the Cummins Street extension and that's how it became part of the discussion. Relative to how it applies now, as the presenter Mr. Chan said he was just providing some history, so it is not relevant to their proposal at this point.

Mr. Chan commented that they asked the City for clarification and there was some confusion but the City has since retracted that requirement. So it is now settled.

Chairperson Kometani questioned the access in and out of the condominium project.

Mr. Chan responded that the entry on Kapiolani is for retail only and that the residential access is on Waimanu Street.

Chairperson Kometani asked how many exits would be on Waimanu Streets.

Mr. Chan replied there would be two exits because of HCDA and the City's requirement to minimize traffic on Kapiolani but at the same time for the commercial and retail space, people need to see the parking in front, but it is right turn only. Additional parking is designed in the parking structure.

Member Liu asked if the entire parcel was contiguous and KCR was able to obtain the video store would the design be different.

Mr. Chan responded that the design would remain the same. He commented that if KCR was not able to obtain the video store, HCDA would have the influence to make sure that if the video store redevelops to make it architecturally and functionally the same design.

Member Fukunaga commented that it appeared that KCR was already planning to capture the same architectural style for the block.

Member Goshi commented that with the joint development rules KCR is backed into this position. If the video store parcel was obtained they could possibly rotate the footprint of the building.

Mr. Chan said that they did not want to put a tower too close on Kapiolani because it would not be pedestrian friendly with a 400-foot tall tower right in front. He stated that even if he were to obtain the video store property, he would design it the same way.

Member Goshi commented that they could go with an “L” shape. But being the shape of the property, they are kind of backed into this situation. He was concerned that the development potential on one parcel would be taken away and questioned if that was the way to go in the future. He said that the idea was to create complexes that are cohesive but this is how it ends up. Member Goshi also questioned breaking the building into rental and market units and asked if it had been done before.

Mr. Akamu replied that it is the prerogative of the developer to rent the units or sell them. In the option to rent, there is a 15-year requirement to provide such rentals at an affordable rate. After the 15-year period, it is open for the developers own sales or rental program.

Member Goshi asked if staff was comfortable with the timing issue of Phase I and Phase II, building one tower and then the second tower later.

Mr. Akamu responded that since the parcel included a public facility where the parking was part of the whole package, it would be a question of what can best be done from the standpoint of the developer’s timeframe and also to receive the public benefit. The benefits of public parking on Parcel 40 might have to be deferred for another two or three years if it is phased.

Member Goshi’s concern was not with the permanent parking but that the project is completed.

Member Lai stated that essentially the 20% affordable housing component won’t be completed without the development of Parcel 40 and questioned what would happen if Parcel 40 is never developed. Would there be any penalty?

Mr. Akamu stated that the development agreement that is executed with the developer would contain certain elements to ensure that the second phase would be built.

Mr. Leong commented that there is precedence in HCDA rules for reserved housing; there are provisions where a developer can put reserved housing on a parcel that is not the primary parcel. The written agreement that runs with the

land can state that the reserved housing which is on a different parcel has to be built by a certain time.

Member Liu asked what would happen if it doesn't.

Mr. Akamu stated that the rule might be limited and that he needed to check on that.

Member Liu stated that the issue is because the affordable housing is separated out and in the event that Parcel 40 is not built within the timeframe what would be the recourse. He suggested that it be put in the development agreement or for it to be taken out from the main tower.

Deputy Attorney General Mel Nishimoto stated that HCDA always ensures that it gets what they want. But usually the reserved housing is built at the same time as the main residential housing component. In other developments if there is a deferment, HCDA usually gets something for that.

Mr. Akamu recalled that in a past project where the deferred phasing of the reserved housing was accepted, the developer set aside a fund for the possibility that if the units were not built, an escrow fund of cash-in-lieu fee was created.

Mr. Dinell asked Mr. Chan regarding HCDA's influence on the video store owner if he doesn't sell now and decides to redevelop later, how would HCDA influence them to make it a unified frontage.

Mr. Chan stated that when the owner would come and get their permit and get board approval, the board can require the lot owner to conform to the design.

Mr. Dinell corrected Mr. Chan's notion by stating that HCDA cannot force a private landowner to copy the design of Public Storage and Moana Vista to look the same. He made that clear and stated that staff asked KCR to remove that from their presentation because it was an inaccurate statement.

Member Lai expressed his concern about the interpretation of joint rules and development.

Member Liu suggested a need for Authority discussion on providing staff with guidance going forward on the Authority's intent and will with regard to joint developments. He commended staff for doing their best in exercising their duties because of the odd shape of the lot. He also commented that had Moana Vista started before Public Storage, it would have had a different

design. Member Liu stated that he was comfortable and satisfied with the project to go forward based on the site.

Member Liu also suggested that a public hearing and decision making be held at the same meeting, unless as a result of the public hearing and comments that the Authority decides to postpone the decision.

Chairperson Kometani asked that staff keep the Members informed as to questions that were asked (i.e. parking and the ratios) so that at the next meeting Members will be satisfied that their questions were answered.

Member Liu agreed that all the outstanding issues should be resolved.

Chairperson Kometani thanked Moana Vista for its presentation.

Chairperson Kometani requested that the minutes reflect that Member Shiraki was in attendance.

D. Update on Status of Conditions of Exclusive Negotiations with the University of Hawaii regarding the Cancer Research Center of Hawaii

Arnold Imaoka summarized the Information Item distributed to the Authority concerning this matter.

Mr. Imaoka explained that on August 3, 2005, the Authority authorized the Executive Director to enter into an agreement for exclusive negotiations with the University of Hawaii for development of the Cancer Research Center of Hawaii (CRCH). The agreement was executed on October 5, 2005, and will expire on December 31, 2005.

The CRCH site referred to as lot 2 is approximately 5.5 acres in size. The site is bound by Ilalo Street, the UH medical School, the CFS3 warehouse, and the driveway to backup areas for Piers 1 and 2.

The agreement for exclusive negotiations includes the following conditions that need to be fulfilled on predetermined dates over the next year. The first condition is for the UH to prepare a permanent parking solution and financing plan for JABSOM Phase I and II. Condition 2 is the selection of a developer for Phase II of JABSOM. Condition 3 is for payment of common area maintenance expenses. Lastly, condition 4 is to vacate the Pacific Biosciences Research Center.

The University of Hawaii has initiated the fulfillment of condition 3, payment of the common area maintenance expenses. On September 29, 2005, in response to condition 1, the University sent a letter to HCDA outlining the proposed parking solutions which were provided in Members' packet.

HCDA design suggestions to guide the parking development are also included in the Information Item. Mr. Imaoka introduced Jan Yokota, from the University to explain the parking proposal and to answer any questions.

Ms. Yokota provided a brief update on the status of the CRCH. The project includes a research component which is basically an expansion of the current Cancer Research Center and a clinical component where the patients can be treated in an out patient setting.

The facility would allow cancer patients to be treated in one central location which would facilitate cancer care and would also provide them access to new methods of treatment being tested by researchers. The combination of clinical and research facilities in one location would provide access to level of cancer care that is not currently available in Hawaii. That is why the University is very strong and very united in terms of having a comprehensive cancer center on the site.

The facility may also include space for private physicians' offices. Initially it was believed that this could be housed in a separate building or a separate component but the current thought was that it would be best housed within the clinical component of the facility. Therefore the CRCH facility would consist of three components: clinical and research that could be physically integrated, and parking.

The status of the project is as follows: over the past few months, the University's consultant, ECG, has been working with several health care providers on the clinical component and what is being planned is a 501(c)(3) organization. This would govern and manage the clinical portion of the facility. A business plan is also being prepared for the research and the clinical components. A report should be completed by mid-November to be presented to both the health care providers and to the University.

The University is currently in discussions on the ground lease and the development agreement with HCDA staff and is hoping to bring a list of ground lease terms to the Authority for review at the December meeting. The University plans to fully negotiate the documents by the end of December after which it will take it to the respective boards, the Board of Regents and HCDA's board.

The University has also selected a short list of developers for the Phase II project: Hammes Company, Hunt Woodbury LLC, Spaulding and Slye and Townsend Capital. The University issued a request for proposals (RFP) to these developers on October 5 and the deadline for submission of the proposals is November 23. In order to select a developer for the project, which is required in HCDA's conditions, the University will have to hold a special board meeting in December since the Board of Regents does not typically meet during that month.

On the parking issue, the University submitted a letter proposing several alternatives. Ms. Yokota introduced David Byland of Architects Hawaii to review the various alternatives.

Five alternatives were explored, two of them involve the Waterfront Park Site - one is completely on the Waterfront Park site between the mounds and the JABSOM buildings and the second one involves partly fulfilling the requirement on the CRCH site. The other alternatives were either putting it all on Phase II or on the CRCH site or a combination of both of them. The actual number of spaces required will depend on the size of the facilities developed on each site. The requirement is roughly 1,081 spaces that would be 691 for JABSOM Phase I and 390 Phase II; the CRCH would provide all of its necessary parking on site.

Ms. Yokota also stated that it was her understanding that a parking study was also being prepared by HCDA to look at the parking that is actually required in the waterfront area based on usage rather than square footage. The University will await the results of that as there may be opportunity to make adjustments to the parking requirement depending on the actual need.

Ms. Yokota stated that she knew about concerns about using the park itself for parking but the University wanted to present some thoughts on how it could be accommodated and addressed aesthetically.

Mr. Byland presented three variations of the parking structure scenarios. All are geared toward 1,800 parking spaces and three lanes wide.

1. The most economical rectal linear parking garage uses the full width of the JABSOM site, in order to keep the parking garage low relative to the park.
2. Another rectal linear garage would be shorter so there is more connection possible from JABSOM and other areas to the park. It features a terraced look in the Diamond Head direction

because the mounding in the park is lower in Diamond Head direction. It is six stories and will be more visible from the park.

3. Starts off rectal linear but splits and curves to soften the edges. It is given an urban front which is more relaxed, more organic related to the landscape. It is envisioned to be anywhere from 85 feet to 125 feet wide.

As a comparison the length of Blaisdell Center's parking garage is roughly 1,000 feet long. The ideas presented are anywhere between 735 feet to under 500 feet. The outer material looks like a mesh, to give it a translucent effect but hides the cars yet allows light and air to go through. It gives a sense of lightness not a massive structure. Also includes trellises for shade elements on the top level.

Mr. Byland asked if there were any questions.

Member Goshi stated that most of the world uses mechanical parking. The parking structure could be smaller if done in a different way and asked Mr. Byland and the University to consider it.

Member Fukunaga questioned the utilization of the park. He stated that it would be taking away additional park lands for the purpose of satisfying the parking requirement.

Ms. Yokota responded that the overall Makai area plans envision replacing and moving the existing surface parking lot to a different location so it is incorporating those stalls that are intended to move over.

Member Fukunaga asked if it was anticipated to be more levels of parking and questioned who would benefit from the utilization of the parking whether it was for the public, beach goers, park users, in addition to the medical school and clinic.

Ms. Yokota replied that the University's requirement is for about 1,100 spaces for Phase I and Phase II and that all the schemes shown were for about 1,800 spaces. Since the plan was to move the parking over, they thought about including part of the parking facility for park users. But it could be separated out by areas and perhaps on the weekends the entire facility could be made available for public use.

Member Fukunaga expressed his concern of loss of open space and stated that the University entered into the agreement knowing that they would have to make a parking commitment. He questioned their solution of utilizing areas outside of their footprint instead of coming up with solutions within the area that was allocated to them.

Ms. Yokota responded that they prepared five different options with two of them being within the allocated area.

Member Fukunaga raised the point about being conscious of the concerns expressed for the entire area and that it was the Authority's responsibility on how to go about addressing those concerns.

Member Shiraki asked how the University intended to fund the parking structure.

Ms. Yokota stated that she did not know. The University was asked to come up with alternatives and they did. With increased construction cost, they estimated each space to cost \$38,000. She stated that whatever parking is required for the facility will be provided. But anything on top of that, would have to find another way to finance it. It is still an issue the University is wrestling with.

Mr. Dinell stated that it is the same issue that Member Kimura previously brought up with the Moana Vista presentation. The University has a conditional use agreement to use the CRCH site for surface parking for JABSOM but when construction starts for CRCH, there will be a loss of parking during the construction period.

Mr. Dinell asked Ms. Yokota if there was any thought about making the top of the parking garage seamless into the park. Thus, by taking away three acres of park land, it would be gained back at the top. He stated that one thing the park lacks is flat space and this maybe an opportunity to enhance the recreational opportunity to get people at the height of the berm to see the ocean views and allaying Member Fukunaga's concern by actually delivering a better value for the public.

Mr. Byland stated that they looked into that and discussed it. The technology for green and growing roofs is maturing but it has a cost impact both in structure and installing all the growing material and maintenance issues.

Member Liu stated that the cost estimate argues more for Member Goshi's concept of mechanical parking. Such an approach is in use all around Asia.

Member Liu urged them to look at it to bring the cost down and to provide for other opportunities.

Member Goshi stated that it is very compact.

Ms. Yokota stated that at this point, they were just looking at the sites.

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

E. Proposal for the Termination of Pauahi Place Master Plan Permit (MP 1-94) by Kamehameha Schools

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

Mr. Akamu explained that on September 7, 1994, HCDA approved the Pauahi Place Master Plan Permit for approximately 54 acres of land owned by Kamehameha Schools (KS) in the Kakaako district.

Subsequently KS made a presentation to HCDA on September 2004, explaining their reasons for requesting termination of their master plan. The intent of the original Master Plan was to: encourage timely development; reduce economic cost of development; allow for the orderly planning and implementation of public and private development projects; and to provide for a reasonable degree of certainty in the development approval process.

The Pauahi Place Master Plan represents a joint development of KS' 54 acres whereby KS was allowed to satisfy the mixed-use objectives for redevelopment in a flexible long-term manner. For example, the Master Plan is a land use plan that allows KS to develop commercial uses that normally would require a mix with residential uses. Development for residential uses on adjacent lands would ultimately allow KS to achieve the mixed-use objectives intended for the Kakaako district. To provide a degree of certainty and consistency for the long-term development timeframe, the Master Plan was locked in, or vested, the Kakaako Community Development Plan and Rules for the Mauka and Makai areas that were in effect on November 30, 1993.

These vested 1993 rules apply to KS' development for a 15-year term of the permit that HCDA granted to the Master Plan. This means that rules adopted by HCDA after 1993, do not apply to KS' development projects. The Master

Plan has other features relating to required industrial use, redistribution of floor area, designation of Auahi Street as a pedestrian oriented street, a phasing plan for a high rise development and for public facilities dedication credits.

According to KS, the 1993 vested rules are not as favorable as the current Mauka and Makai rules. Over the past 10 years, HCDA has amended the rules to be more flexible to address economic and development conditions over the years. These amendments created a disparity between the vested rules and the current rules, so much so that, KS has decided it would be more advantageous to develop on a site specific basis according to the current rules rather than as a joint development on its 54 acres according to the vested rules. For example, the industrial use requirement that is in the Master Plan has been changed today to an option with bonus industrial floor area and the public facilities dedication requirement has been reduced by approximately 50 percent.

Prior to the adoption of the Master Plan, KS transferred lands to HCDA at no cost to provide for the Pohulani Elderly Housing project; realignment of Cooke Street; provide for the expansion of the Mother Waldron Park along Cooke Street; and to build a portion of the Makai Gateway Park. In exchange for these free land transfers, HCDA established public facilities dedication credits to KS to be applied to future developments by them. KS has a balance of approximately 120,000 square feet in credits. Roughly speaking, under the vested rules, these public facilities credits would allow the development of approximately 2 million square feet of floor area without requiring cash payments to HCDA. But under current rules those credits would allow the development of about 4 million square feet without any payments.

KS has also stated that changes in market conditions have made certain elements of the Master Plan obsolete. For example, the master plan phasing plan defers high rise developments in the Makai area to future phases of development, but there is an emerging market for the development of a life sciences industry on their lands in proximity of the JABSOM complex in the Makai area. Such development would be limited to low rise projects by the Master Plan at this time.

Upon termination, development of KS land would be on a site specific basis according to current Mauka and Makai rules and HCDA would allow KS to utilize the existing balance of public facilities dedication credits accordingly. The termination may be subject to other conditions which may include the following commitments. KS would agree to submit two completed development applications by end of December 2007. Should they fail to

perform by the prescribed time, a portion of their public facilities credit would be forfeited. Another item, KS would agree to pay fees or assessments to maintain and repair public facilities along with other private developers within the Makai area. They would also agree to be supportive and work cooperatively with HCDA with regard to public and shared parking within the Kakaako district. Lastly, KS would agree to provide a landscape corridor along portions of Cooke Street linking the Mauka and Makai areas.

A public hearing on their request for the termination of the Master Plan could be scheduled in December.

Staff would appreciate any comments or suggestions from Authority Members before doing so. Mr. Dinell will summarize the pros and cons of this proposal and Mr. Bob Oda of KS is present to answer any questions that might arise.

Mr. Dinell stated that by allowing the public facilities credits to be used at the current three-four percent rate, HCDA will revalue their credits at a lower redemption rate, which means that the burn rate would be at a slower pace. Therefore KS could do more development and that is worth roughly twice as much as under the Master Plan. It is important to note that HCDA has had the benefit and use of the lands that represents the credit. Parks, streets, and affordable housing were created in the 1990's using these parcels and HCDA did not pay for the land then.

There was a concern raised when this matter was first discussed in September 2004, that by releasing KS in the Master Plan, this would allow individual developments without regard to a holistic planning. However, in the non-binding letter of agreement, it is noted that KS' intention is to proceed strategically with a holistic vision in planning their development of all their Kakaako Plans.

KS would agree to participate in the Makai area covenants, conditions and restrictions similar to those of the other private developers in the area. That would be a huge impact because KS has nine-acres of land on the Makai side of the Ala Moana Boulevard. In the non-binding letter, the project of the Makai side would be for life sciences or technology related. Those are the examples of the benefits for the termination of the Master Plan, and staff believes that it is very positive for Kakaako. It will also include the landscaped corridor and the connection of Cooke Street which is critical because it would make Mauka more connected to the Makai side and that adds value.

Staff is requesting Authority input at this stage as an Information Item before taking it to Public Hearing in December.

Chairperson Kometani asked if there were any questions.

Member Liu suggested that the Public Hearing be held in December with decision making to follow unless there is great public opposition, in which case the Authority may defer the Action.

V. ITEM FOR ACTION

2. Approval of Public Dedication Requirements for the 909 Kapiolani Planned Development Permit (PD 1-04)

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

Mr. Akamu explained that this is a follow up presentation on action for the 909 Kapiolani Planned Development project by POSEC Hawaii. The site is located at the corner of Kapiolani and Ward Avenue. It is a mixed-use Planned Development with a joint development with the Musician's Association, which will include a mixture of residential, commercial and industrial uses.

Member Liu interrupted Mr. Akamu by saying that the Members were familiar with the project and in the interest of time, requested that he skip ahead to the Action Item.

Mr. Akamu stated that the item related to the public facilities dedication rule. The developer's requirement is for about 9,600 square feet of land to be dedicated and if it is not dedicated, there is cash-in-lieu fee requirement.

The developer is proposing to dedicate a strip of Waimanu Street; in the event of road widening that is about 3,450 square feet. In offsetting its public facilities requirement, the remaining requirement pays for the balance of the requirement. Based on an appraisal presented by the applicants, the cash-in-lieu fee would be approximately \$765,374. Staff agrees that the appraisal is valid for the cash-in-lieu fee. The calculation of that 10-foot road widening is consistent with HCDA's plan and the land will be dedicated to HCDA at no cost when it is required. Mr. Akamu stated that staff recommends approval of these elements as described in the addendum of the Action Item.

Chairperson Kometani requested, for discussion purposes, a motion to adopt staff's recommendation. It was moved by Member Goshi and seconded by Member Lai 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 8 to 0 with 1 excused (Member Kondo), excluding Kalaeloa Members.

VI. EXECUTIVE SESSION

Chairperson Kometani asked if there was no objection, he would like to take the Executive Session items out of order. There were none. He then asked for a motion to enter into Executive Session to discuss the following items:

Subcommittee Report on the Kakaako Waterfront Request for Proposal, pursuant to Section 92-5(a)(3), Hawaii Revised Statutes, to deliberate on matters relating to the negotiations for the award of a contract to a Master Developer pursuant to the Kakaako Waterfront Request for Proposal issued on January 12, 2005; and

Legal Issues Relating to the Proposed Termination of the Pauahi Place Master Plan Permit (MP 1-94) by Kamehameha Schools, pursuant to Section 92-5(a)(4), Hawaii Revised Statutes, to consult with the Board's attorney on questions and issues pertaining to the Board's powers, duties, privileges, immunities and liabilities with regard to the proposed termination of Kamehameha School's Pauahi Master Plan pursuant to Section 15-22-206, Hawaii Administrative Rules.

Chairperson Kometani requested that the following individuals join the Executive Session: Deputy Attorney General, Melvin Nishimoto; Executive Director, Daniel Dinell; Project Development Manager, Deepak Neupane; Rick Cho and Sam Chung from Peninsula Real Estate Partners to join the discussion on the first item and Melvin Nishimoto and Daniel Dinell to join the Executive Session on the second item.

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

The Hawaii Community Development Authority entered into Executive Session at 12:20 p.m.

It was moved by Member Goshi and seconded by Member Liu to reconvene the regular meeting. The motion was carried 8 to 0 with 1 excused (Member Kondo) and excluding Kalaeloa Members.

The meeting was reconvened at 1:05 p.m.

VII. ADJOURNMENT

There being no further business, it was moved by Member Fukunaga and seconded by Member Lai to adjourn the meeting at 1:05 p.m. The motion passed 8 to 0 with 1 excused (Member Kondo) and excluding Kalaeloa Members.

Respectfully submitted,

/s/

Paul Kimura
Secretary