

SUMMARY - MEETING NO. 317
HAWAII COMMUNITY DEVELOPMENT AUTHORITY
State of Hawaii

May 2, 2007 – 9:00 a.m.

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

ATTENDANCE

Members Present: C. Scott Bradley; Amanda Chang; Paul Kimura; Jonathan Lai; Theodore Liu (DBEDT); Kay Mukaigawa; Glenn Okimoto (for Barry Fukunaga, DOT); Robert Piper (for Georgina Kawamura, B&F) and Russ Saito (DAGS).

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

Members Absent: Grady Chun; Michael Goshi; and Evelyn Souza (Kalaeloa Member).

Others Present: Daniel Dinell; Melvin Nishimoto (Deputy AG); Matthew Akamu; Pearlyn Fukuba; Richard Kuitunen; Cal Machida; Deepak Neupane; and Jill Sugihara (also, see Meeting Attendance Record).

I. ROLL CALL

Vice Chairperson Kimura stated that Chairperson Goshi was out of town; therefore, he would be conducting the meeting. The meeting of the Hawaii Community Development Authority (HCDA) was called to order on May 2, 2007, by Vice Chairperson Paul Kimura at 9:02 a.m. with the following roll call:

Vice Chairperson Kimura	Present
Member Bradley	Present
Member Chang	Present, arrived at 9:07a.m.
Member Lai	Present
Member Liu	Present
Member Mukaigawa	Present, arrived at 9:07 a.m.
Member Okimoto	Present

Member Piper	Present
Member Saito	Present
Member Aila	Present, left at 9:48 a.m.
Member Chinn	Present, left at 9:48 a.m.
Member Eng	Present, left at 9:48 a.m.
Member Timson	Present, arrived at 9:09 a.m., left at 9:48 a.m.

MATERIALS DISTRIBUTED

1. Agenda for May 2, 2007 Meeting;
2. Summary of Workshop on March 16, 2007;
3. Summary of Field Trip on March 28, 2007;
4. Summary Minutes of Authority Meeting of April 4, 2007;
5. Report of the Executive Director;
6. Kalaeloa Status Report;
7. Information Item: Update on the First Kakaako Makai Advisory Working Group Organizational Meeting;
8. Action Item: Recommend Approval on Ground Lease Annual Base Rent Adjustment for the University of Hawaii John A. Burns School of Medicine;
9. Action Item: Recommend Approval to Authorize the Executive Director to Consent to the Addition of an Emergency Back-up Generator to the Radio Tower by Salem Media of Hawaii, Inc.; and
10. Governor's Veto Message of House Bill No. 910 (distributed at the meeting).

II. APPROVAL OF MINUTES

1. Minutes and Summary

Vice Chairperson Kimura asked whether there were any corrections to the minutes of the summary of the workshop of March 16, 2007. There were none. Vice Chairperson Kimura clarified that for voting purposes, only Kakaako Members may vote on this item. It was moved by Member Bradley and seconded by Member Saito to approve the summary. The motion passed 7 to 0, with 2 excused (Members Chang and Mukaigawa), excluding Kalaeloa Members.

Vice Chairperson Kimura asked whether there were any corrections to the summary of the field trip on March 28, 2007. There were none. Vice Chairperson Kimura stated that for voting purposes, all Members may vote on this item.

Member Saito asked whether there needed to be a quorum of Kalaeloa Members to vote.

Mr. Dinell replied that since all members vote on Kalaeloa matters, ten Members are needed regardless of the number of Kalaeloa Members present. In any case, he noted that three out of the five Kalaeloa Members were present. Mr. Dinell sought the advice of Deputy Attorney General Melvin Nishimoto for clarification.

Deputy Attorney General Melvin Nishimoto clarified that it is a quorum of the whole for matters pertaining to Kalaeloa; thus, any ten Members are considered a quorum.

Vice Chairperson Kimura asked for a motion to approve the summary of the field trip. It was moved by Member Piper and seconded by Member Aila. The motion passed 10 to 0, with 3 excused (Members Chang, Mukaigawa and Timson).

Vice Chairperson Kimura asked whether there were any corrections to the minutes of the April 4, 2007 meeting. There were none. For clarification purposes, Vice Chairperson Kimura stated that all Members may vote on this item and asked for a motion to approve the minutes. It was moved by Member Piper and seconded by Member Aila. The motion passed 10 to 0, with 3 excused (Members Chang, Mukaigawa and Timson).

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:

- Staff is continuing with the Mauka Area Plan and Rules review and amendment process. Information on the draft Mauka Area Plan would be provided to the public in the next edition of the Kakaako Connection newsletter as well as on HCDA's website. Staff felt that an Authority Workshop would be the best forum to discuss the various issues around this subject and was in the process of determining a date in May when it would be held. While the workshop would be a publicly noticed meeting, and the public is invited to attend, the workshop is intended to update and familiarize the Authority on the draft plan and foster interaction amongst the Members. An evening community meeting would be scheduled in June.

- Mr. Dinell stated that since there was an Information Item on the Kakaako Makai Advisory Working Group on the agenda, he would forego the status update.
- Attached to the Executive Director's Report were two articles. The first article was from the Building Industry Association of Hawaii's magazine about the Honolulu Design Center. Mr. Dinell wanted to draw attention to the highlighted portion that discussed how by working together positive results could be achieved. Specifically, the "yard averaging" approved for the Honolulu Design Center brings the building in and out of the setback area and creates more useful open space. The point was how good urban design could support the goals of the district.

The second article was from a national publication, *Governing*, on community/policy discussions that revolve around density. Growth can be accommodated in one of two ways – growing denser in existing urbanized areas or sprawling suburbia with all the associated costs such as loss of open space, high infrastructure/transportation expenses and so on. Mr. Dinell stressed that the issue of choices and balances are front and center in the ongoing dialogue necessary with the Kakaako and broader community directly related to the Mauka Area Plan review as well as the work of the Kakaako Makai Advisory Working Group.

- After the Public Hearing on Kewalo Basin was held on March 7, 2007, staff continued discussions with tenants. The result is a revised set of proposed Administrative Rules, which feature a two-tier approach that grandfathers in existing tenants. On April 27, 2007, staff met with the tenants and they expressed continuing concerns with the proposed rules and urged that HCDA adopt the Department of Transportation's (DOT) existing rules. Staff asked for specific issues of concerns and will review these and make recommendations prior to the scheduled second Public Hearing on this matter, to be held on Tuesday, May 29, at 6:00 p.m. at Ward Warehouse's Kewalo Room.

Several resolutions calling for DOT to continue to operate Kewalo Basin died at the Legislature. HCDA is seeking a property manager and promulgation of Administrative Rules in order to continue the day-to-day operations of the harbor, and to improve services and facilities as well as address deferred maintenance and replacement of condemned piers. The intent is not to make any irreparable decisions that would foreclose future options. Kewalo Basin tenants have joined the Advisory Working Group. It is critical that the overall vision of Kakaako Makai include the boat harbor.

There is agreement that the physical condition of Kewalo Basin is deteriorating, as such, staff is proceeding with an investigation to determine the structural condition of certain piers.

- Mr. Dinell noted that a key deadline for the Legislature was April 27, 2007. His verbal report reflected updates that are not included in the Executive Director's Report. Measures that passed the Legislature:
 - HB 718 requires HCDA to set aside the former GRG fish auction site for use by the Kewalo Keiki Fishing Conservancy. The bill appropriates \$30,000 for any necessary environmental remediation.
 - The High Technology Development Corporation received an appropriation and authorization of \$150,000 in the coming fiscal year and \$250,000 in the next fiscal year to enter into a 10-year lease for 66,000 square feet space in a privately developed life sciences research complex in Kakaako. The location is the Honolulu Ford site adjacent to HCDA's offices. There is another \$5 million, which a newspaper had incorrectly reported as an appropriation for Kakaako, but there is a separate appropriation for dual use technology, not specific to Kakaako or the life sciences.
 - HB 250 establishes a formal partnership between the Aloha Tower Development Corporation and the Department of Transportation Harbors Division (DOT- Harbors) for the development of Honolulu Harbor. During the Conference Committee deliberations, reference to Kewalo Basin was removed from this bill.
 - With regards to the State budget, all staff positions were funded and the operating ceiling was increased for Kalaeloa's revolving funds to pay for administrative expenses. The \$5.53 million in reimbursable General Obligation bonds the Governor was seeking for the plans, design, construction and equipment for Kewalo Basin was removed from HCDA's budget and made part of DOT-Harbors budget using their special fund. The \$1.8 million requested in General Obligation bonds for improvements of the open drainage canal at the Ewa end of the Waterfront Park was reduced to \$500,000. The requested \$1.1 million of General Obligation bond funds to HCDA for Kalaeloa safety improvements was reduced to \$250,000.

Staff was disappointed that a larger share of the needed funds weren't appropriated, especially since the requests were all critical life safety improvements. However, based on what happened to other State agencies, staff is appreciative of what was included in the budget.

- The Office of Hawaiian Affairs sought General Obligation bonds to assist in the design and construction of its headquarters and cultural center on the CFS3 warehouse site. They received no state support and instead received authorization to expend \$56 million from their trust funds.
- Staff is continuing discussion with the Congressional delegation, the U.S. Navy and Hunt on the possibility of acquiring the 499 acres of lands to be brokered in Kalaeloa. No funding was awarded for this purpose by the Legislature; however, Mr. Dinell noted that there is always next year.
- Measures that failed include:
 - Administrative proposal HB 1283, which would have preserved affordable housing by allowing HCDA to sell a fee simple interest in reserved housing units in Kakaako, died in Conference Committee. The House and Senate were unable to agree on the differences, caused by a new Part 2 inserted by the Senate that addressed improvement districts, defined a small business district and mandated payments to the Department of Education.
 - HB 1516 was to appropriate an undetermined amount of money to assist Honolulu Marine to relocate from the waterfront parcel on the Ewa side of Kewalo Basin to Keehi Lagoon. Although the measure died, staff believes it is still worthwhile to discuss an early termination of the lease. This will remove a constraint from the planning of Kakaako Makai, so that the Advisory Working Group and HCDA can look at the area in a holistic manner.
- HB 910 requiring that the annual financial disclosure statements made by members of certain boards, including HCDA, shall be public record was vetoed. The Legislature has until adjournment, May 3, 2007, to consider overriding the Governor's Veto. A similar measure, SB 1957, was held in Conference Committee.
- All the Governor's nominees, including Stanton Enomoto as the Hawaiian Cultural Specialist for Kalaeloa, were confirmed unanimously for terms starting July 1, 2007, and expiring on June 30, 2011. The returning Authority members are Grady Chun and Paul Kimura; the new ones are Christopher Kobayashi and Dexter Okada.

- Commencing this month, the new parking lot near the Hawaii Children's Discovery Center will be opened for public parking for attendees of the Authority meeting; the lot will be closed one hour following the meeting.
- In keeping with the Administration's goal of moving all State permitting that is legally permissible online by 2010, park users can now submit their permit applications on-line for general park use, special use, and sporting events for groups over 25 people.
- The Financial report for March 2007 was attached to the Executive Director's Report. Mr. Dinell noted that on a quarterly basis he presents the financial reports in more detail, but Members may ask questions at any given time.
 - Mr. Dinell pointed out that \$3.1 million revenue for public facilities fees are from the Moana Pacific project. This brings the overcommitted balance of the public facility sub-account from negative to positive. Eighty percent of the public facility sub-account is currently earmarked for two activities – increasing the capacity of public education facilities in the Kakaako district and the provision of public parking stalls.
 - With the cancellation of the Improvement District 11 project, staff anticipates lapsing approximately \$5.4 million in General Obligation bonds back to the State Treasury and reverting the earmarked Improvement District sub-account funds to become available for improvement district use. This will increase the flexibility for the Authority to make up the shortfall for the drainage canal repairs, which are expected to be greater than the \$500,000 appropriated by the Legislature. It will also allow the Authority to implement other improvement projects, on a smaller scale, that are supportive of HCDA's vision and mission.

One such initiative that staff will be exploring is the painting of the smoke stack for the Hawaii Children's Discovery Center. Construction activity kicked up a great deal of dust and dirt and instead of simply cleaning or washing it off, staff believes that there is an opportunity to paint the stack in a festive and fun way. Additionally, with removal of the corporation yards, and expansion of the Gateway Park, the building, which is owned by HCDA and leased to the Center, is much more visible. Staff will bring this, and any other proposal, to the Authority for information, review and action in the future.

- Mr. Dinell announced that Tesha Malama has been hired as the new Director of Planning and Development for Kalaeloa. Ms. Malama most recently served as Association Manager with the Ewa Villages Owners Association. She is deeply rooted and passionate about the communities where she lives and works. She is a resident of Ewa Beach and has served on the Ewa Neighborhood Board; the Oahu Metropolitan Planning Organization's Citizen Advisory Committee; and is currently on the Mayor's Transit Solution Committee. Besides being a very people-oriented person who has developed a strong network and credibility in the Ewa/Leeeward region amongst developers, business leaders and community members, she has extensive experience and knowledge of the legislative process at all three levels of government. Tesha has a Masters degree in Organizational Management and a Bachelors degree in Political Science. Her first day is May 14, 2007, and Mr. Dinell looks forward to introducing her to the Authority at the next meeting, scheduled for June 6, 2007.

Vice Chairperson Kimura asked whether there were any questions for the Executive Director.

Member Okimoto commented that the \$5.53 million Capital Improvement Project (CIP) funding for Kewalo Basin that was included in the Harbors budget cannot be expended because they do not own the property. DOT also has approximately \$800,000 in annual operating expenses in the budget in the event the Kewalo Basin transfer does not happen. If the property manager is not installed by July 1, 2007, DOT has funds to continue the operations.

Mr. Dinell stated that staff appreciates DOT's cooperation in that regard. Staff is anticipating the transfer on July 1; however, if everything is not lined up, at least the harbor can continue to operate. Mr. Dinell thanked Member Okimoto for the clarification on the inability to expend the capital funds and stated that needs to be made clear to the harbor tenants.

Vice Chairperson Kimura requested that the minutes reflect that Members Chang, Mukaigawa, and Timson were present.

Member Saito asked whether the \$5.53 million appropriation were for specific projects.

Mr. Dinell replied in the affirmative.

Member Saito suggested that when assimilating the information to the tenants, staff mentions the specific projects that are affected so the tenants know that it is not just a number.

Mr. Dinell replied that he would do so.

Member Timson thanked Chairperson Goshi and Executive Director Dinell for their friendly persuasion in obtaining the approval to fill the Kalaeloa Director position. She stated that she personally knows Tesha Malama and thought that it was a good decision because she would exceed the expectations of that position. Member Timson asked about the financials for Kalaeloa and asked what the funds could be used for.

Mr. Dinell replied that the financial condition of Kalaeloa could be found on the financial report item number II-2. There is a revolving fund for Kalaeloa and the source of the revenue is from assessments of non-federal landowners. Staff has sent out letters for assessments starting July 1, 2007. This fiscal year there will be two assessments, and approximately \$200,000 will be flowing in to the revolving fund. The administrative expenditures are also noted on the financial report. As far as what the funds can be used for, HCDA's statute is broad so funding can be used for the benefit of the district. The Authority can authorize the use of funds for capital projects or operating expenses as long as there is a nexus to the district. HCDA has not assessed the landowners in the last two fiscal years. But now that the assessments are in place, staff will work with the landowners who are funding the revolving account to find out what is important to them. For example, the issue of safety continually is mentioned. If that is a concern of the landowners as well as the community, staff can look into funding a roving patrol. At the Public Safety meeting, it has been discussed with the Honolulu Police Department (HPD) and the Navy Security and they have responded negatively to the idea of stationing someone at the former gates because they feel it doesn't do anything. However, a roving patrol who would call HPD or Navy security might have benefit. The community network is also very active about improving the entrance to Kalaeloa at Fort Barrette Road and Roosevelt Avenue. That is another example of where the Authority can approve the expenditure of funds.

Member Timson stated that she wanted to bring up those two issues – the entrance and the security; but, she would wait until the Kalaeloa Status Report was given.

Mr. Dinell stated that he anticipated having the entrance beautification project on the June's agenda, but that staff needs to discuss it with DOT first because they own the right-of-way.

Member Timson thanked Mr. Dinell.

Member Bradley commented that staff previously circulated the two-tiered system for the Kewalo Basin Rules and asked whether that was the same rules that he mentioned earlier in the Executive Director's Report.

Mr. Dinell responded in the affirmative and added that the rules are posted on HCDA's website.

Member Bradley asked whether the plan grandfathered the tenants already there and then gradually phased to the higher rate over a period of two or three years. He asked where the revenue shortfall would be made up if the tenants are grandfathered in at the lower rate.

Mr. Dinell replied that there were two ways and explained each one. The first is the original Kewalo Basin pro-forma, where there would be no change to the existing rates in the first year which is \$5.00 a linear foot (this has been the rate since 1996) for fishing boats. It would then be raised after the first year had passed. In the two-tier approach, although tenants would be grandfathered in, the Honolulu CPI index would be applied to the five dollar rate which would bring it up to \$6.24. Thus, part of the make up in the first year would be that the grandfathered tenants would pay \$6.24 instead of \$5.00. The second is that new users coming in would be charged at the higher proposed rate, \$10.00 versus \$5.00. In the original proposed rules, the higher rate did not apply from the start. The two-tier proposal is up for comments at a public hearing in late May and is posted on the HCDA website. The revised rules have been shared with the tenants of the Kewalo Basin and the tenants continue to express their concerns. Staff has asked them to detail their concerns so that it can be flushed out ahead of the public hearing.

Member Bradley asked whether the revenues that were being projected were from the piers that were available since conditions of some piers make them unusable.

Mr. Dinell stated that there are transient slips available, next to Fisherman's Wharf restaurant and other places. The herringbone pier, currently underutilized, can accommodate smaller vessels, and not larger ones which is the reason there is quite a bit of vacancy there. Currently, Pier B can't accommodate any boats without the CIP funding to fix the pier.

Member Bradley asked whether that would affect the budget.

Mr. Dinell replied that staff would like to have more slips available to generate more revenue.

Vice Chairperson Kimura asked whether there were any further questions.

Jack Hamada from the audience requested to ask a question on the Moana Vista project which just started construction.

Mr. Dinell informed Mr. Hamada that since that item was not part of the Executive Director's Report, he would talk to him about it after the conclusion of the meeting.

Mr. Hamada stated the reason that he brought it up was that he wanted it recorded by the Secretary that he asked the question at that time.

Mr. Dinell stated that he would talk to him following the meeting.

IV. ITEMS FOR INFORMATION

A. Kalaeloa Status Report

Pearlyn Fukuba summarized the Information Item distributed to the Authority concerning this matter.

Ms. Fukuba reported that the Kalaeloa Community Network continues to meet monthly and to grow in membership. The Barbers Point Commissary joined the group at the April meeting. Staff continues to receive calls from other people expressing their desire to join the group. Councilmember Apo attended the last meeting and provided an overview of the issues and how it impacts the district such as the Base Realignment and Closure (BRAC) land conveyance, mass transit, traffic congestion and transportation within the area. Councilmember Apo will work with Executive Director Dinell and staff on the issues of road maintenance and bus service and offered his continued support and participation in the network initiatives to improve Kalaeloa.

The Kalaeloa Community Network members discussed the upkeep of the flag at the Ft. Barrette Road/Roosevelt Avenue intersection. There has been an effort to make this entry-way a more beautiful and welcoming place for those who live in and visit the area. Many of the members are current or retired military personnel so they were concerned about the flag protocol. The flag was tattered and was not being brought down at dusk and raised at dawn as required by unlit flags. One of the members volunteered to secure new American and Hawaiian flags, and to follow the proper flag protocol on a daily basis. A picture of the new flags was included in the Kalaeloa Status Report.

Ms. Fukuba reported that this action has resulted in a number of calls and expressions of appreciation to Authority Members for focusing on Kalaeloa. Community pride is being expressed that Kalaeloa is a living community and there is importance to those who live and work in the area as well as those in the surrounding neighborhoods.

Hunt Building Company announced that they received approval from the Navy Region Hawaii to proceed with major maintenance projects in the

district. The first project started at White Plains Road on April 8 and 9, 2007. The “before and after” pictures are shown in the Kalaeloa Status Report. This is the main road leading to the popular White Plains Beach so it was important to clean up that area. Hunt will continue to work on other maintenance projects and Ms. Fukuba will keep the Authority informed of the status.

The Community Network members approved the draft design for the beautification project at Fort Barrette Road and Roosevelt Avenue. The group hopes to include participation from an Eagle Scout to earn his badge and Kapolei High School students in the implementation of the beautification project. Staff will be meeting with other appropriate agencies such as DOT to receive their approval on the design before bringing it to the Authority for consideration.

The Community Network members spent quite a bit of time talking about the increasing number of homeless encampments at the City licensed camping grounds at White Plains Beach. Since there are representatives who serve on both the Community Network and Public Safety workgroups, the members were able to provide information as to what is going on as far as the Navy Security and HPD enforcement efforts. Staff will bring the issue up at the next Kalaeloa Public Safety meeting on May 24, 2007.

There were a number of community improvement projects held within the district last month. Kalaeloa Rental Homes, which is owned by Carmel Partners, volunteered to demolish the old ride share shelter on the corner of Fort Barrette Road and Roosevelt Avenue. The structure had a very heavy roof and the four-by-four support beams were severely termite eaten. There were complaints that people were using the structure as a place to hangout. DOT assisted in expediting the approval for the demolition and the job was completed within an hour.

In another beautification project, the U.S. Coast Guard Air Station Barbers Point adopted Coral Sea Road under the DOT’s Adopt-a-Highway program. On Wednesday, April 25, 2007, 50 to 80 Coast Guard staff conducted a large scale clean up project on both sides of Coral Sea Road. There were numerous bags of trash collected as well as old mattresses and batteries.

DOT also removed the overgrowth on Enterprise Avenue on April 23, 2007. These road shoulders are very important because they are the main pedestrian pathways into Kalaeloa. The path is now large enough for pedestrians to walk a little further from vehicular traffic. Ms. Fukuba thanked DOT staff for their assistance in this regard.

Congresswoman Mazie Hirono went on a site visit with Executive Director Dinell and staff on April 13, 2007. The Congresswoman's main interests were transportation issues and the child care facilities such as the Child Development Center, and the Onelauena Shelter's traveling pre-school. Executive Director Dinell provided the Congresswoman an information packet on Kalaeloa initiatives and goals and pointed out key sites while in transit to different facilities such as the U.S. Coast Guard Air Station Barbers Point and the Kalaeloa Airport.

Ms. Fukuba continues to serve as HCDA's representative for the Governor's Leeward Coast Initiative. One day a week, Ms. Fukuba conducts interviews with service providers and users, community leaders, and business owners on the Waianae Coast to find out what is needed to revitalize the Leeward area. A preliminary draft report was submitted to the Governor and members of her cabinet and a copy was attached to the Kalaeloa Status Report for Authority Members.

Ms. Fukuba thanked all the Authority Members that went on the Kalaeloa Tour on March 28, 2007. On the tour, a question arose on the number of residents in the Kalaeloa Rental Townhouses. Ms. Fukuba checked and found there are 1,500 residents of which 400 are military. Ms. Fukuba asked whether there were any questions.

Member Timson asked whether all of Hunt's projects were maintenance projects.

Ms. Fukuba replied in the affirmative.

Member Timson questioned whether any projects were structural related.

Ms. Fukuba responded that most of the projects were maintenance related; however, whenever broken windows or homeless encampments were reported to Hunt, they would take care of those areas the Navy authorized.

Member Timson thanked Ms. Fukuba for her continued work in Kalaeloa. Member Timson stated that a continuing problem is the issue of the homeless on the beach. She receives complaints from the residents who want to use the beach area, but it is difficult when the homeless are there. She suggested hiring security to patrol the beach on the weekends because that is when most of the families want to use the beach. Every month the problem is mentioned and nothing gets done. A comment was made that HPD and Navy Security do not like the idea of placing a patrol at the two entrances. However, in the past, the Redevelopment Commission provided security from 6:00 p.m. to 6:00 a.m. and everyone entering the gate were flagged down. If a truck load

of rubbish entered Kalaeloa at 9:00 p.m., they were turned away at the gate because it was obvious that they weren't doing business at that particular time. A carload of teenagers at 10:30 p.m. would also be stopped and questioned. Member Timson believed that the gated security was successful. She wanted to get information on why HPD and the Navy thought it was unsuccessful and where they received their data. The Commission did it for one year and although it was costly, it helped the community.

Vice Chairperson Kimura asked whether there were any other questions. There were none.

B. Kalaeloa Navy Report

Pearlyn Fukuba stated that Lynn Tanaka of Navy Region Hawaii was unable to attend the meeting and provided a written report.

Ms. Fukuba reported that previously SWR held a contract to store military vehicles and had a gated area that blocked off access to Nassau Street. Since SWR lost that contract, Ms. Tanaka reported that the gate blocking the access may be reopened during the week of May 14, 2007, pending in-kind construction or the lease termination. Staff will keep the Authority informed as to the status of the removal of that fence.

In Ms. Tanaka's written report she stated that several subleases have been executed. The Kona Breeze and Powerpoint Fitness were subleased to Hope Chapel and the Navy is working with Hope Chapel and Barbers Point Aquatics for community use of the pool. The Autoport, Building 1924, was leased to Responsive Caregivers of Hawaii. The facility will be used for adult day health care. The Chapel has also been leased for the purpose of church worship services.

Vice Chairperson Kimura asked whether there were any questions or issues which staff could convey to the Navy. There were none.

C. Hawaii Public Housing Authority Status Report

Pearlyn Fukuba introduced Brian Johnson from the Hawaii Public Housing Authority (HPHA).

Mr. Johnson reported that in Kalaeloa HPHA moved two portable buildings on to the property next to Buildings 48 and 50. The buildings were donated to HPHA. One of the portable buildings will be used for the pre-school child

care classroom so that they no longer have to set up on the baseball field. The other portable would be used as office space for the Onemalu/Onelauena shelters. Previously, four units were being used as office space in the shelter and now they can be freed up for homeless families. Another portable building may be added.

Mr. Johnson was told that the President of Roberts Hawaii wanted to start a training program in Kalaeloa. Roberts Hawaii would donate the buses and it would also be used for training some of the homeless residents to obtain their Commercial Driver's License. In conjunction with training and obtaining their license, the residents could provide the transportation for the homeless population. Mr. Johnson stated that Roberts Hawaii did not return his call so he was unable to confirm that program. He will obtain more information and report back to the Authority at the next meeting.

Member Timson thanked Mr. Johnson for his report and stated that it was great that Roberts Hawaii was being a good corporate citizen to provide such a program. She asked whether there was anything that could be done in the interim.

Mr. Johnson responded that Utu Langi would be donating a bus. He would follow up on that and report back to the Authority.

Member Timson stated that the transportation issue still concerns her. She also requested that some action be taken in regards to the homeless on the beach.

Mr. Johnson replied that HPHA is doing what they can.

There being no further comments, Vice Chairperson Kimura called for a recess at 9:48 a.m. to allow the Kalaeloa Members (Members Aila, Chinn, Eng, and Timson) to depart, as the remaining agenda items were Kakaako-related.

Vice Chairperson Kimura reconvened the meeting at 9:50 a.m.

IV. ITEMS FOR INFORMATION - CONTINUATION

D. Update on the First Kakaako Makai Advisory Working Group Organizational Meeting

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

Mr. Neupane explained that the meeting to organize the Kakaako Makai Advisory Working Group (AWG) was held at the Honolulu Design Center on April 10, 2007. The agenda of the meeting was included in the Members' packets. During the AWG meeting, community members expressed the need to include organizations as well as individuals in the AWG. Community members felt that residents of Kakaako, individuals with strong ties to Kakaako, or individuals with strong planning, design and development should be able to participate in the advisory group even if they did not belong to an organization.

HCDA's consultant, Townscape, suggested that it was up to the AWG to determine who else needed to be part of the group. Townscape requested for attendees to sign up their organizations as well as individuals to be members of the AWG. Included in the Members' packets were the list of participants and organizations and individuals who signed up. There were also suggestions from participants to include individuals and organizations that were not present at the meeting. The list of those organizations was also provided in the Members' packet.

At the meeting, Townscape called for volunteers to serve on the Bylaws Drafting Committee and a Facilitator Selection Committee. Several community members volunteered for the two committees. Meetings of these two committees were held on April 23 and 26, 2007. These committees will report back at the second AWG meeting which is scheduled for May 8, 2007, at the John A. Burns School of Medicine, Room 314, from 5:30 p.m. to 7:30 p.m. The agenda and details of the meeting have been posted on HCDA's website and notices were sent to those signed up for the AWG and members of the public.

A letter was also sent from Chairperson Goshi to the leadership of the Legislature inviting their participation in the AWG process. Mr. Neupane stated that Bruce Tsuchida of Townscape was in attendance to answer any questions.

Member Saito questioned how the votes would be weighed if individuals were on the AWG.

Mr. Tsuchida responded that the Bylaws Drafting Committee held preliminary discussions on how to handle the voting. They have not come up with a final recommendation yet. However, one of the ideas that was discussed was rather than having individuals and groups vote, the AWG would be organized by interest areas and each interest group would have a vote; for example, environmental or performing arts. The actual voting would be a small number of votes. There seemed to be a consensus on an approach like this.

Member Saito asked whether that idea was agreed upon by individuals.

Mr. Neupane replied that the Committee was still discussing it and after the second meeting, the Committee would bring it to the larger group for discussion.

Member Bradley commented that there were several articles in the paper recently regarding a performing arts center. He asked whether a group was identified to represent that interest.

Mr. Neupane responded in the affirmative, that the group was the Coalition of Arts.

Member Liu commented that the list of people who attended the meeting were included in the packet.

Mr. Dinell stated that the idea builds consensus and manages the balancing of special interests.

Mr. Neupane commented that one group cannot send 40 people and have 40 votes so having the different groups caucus together and having one vote balances that out.

Vice Chairperson Kimura asked whether the AWG wanted input from the Authority. If so, it would be the Authority's responsibility to provide the input. Whatever the case may be, it should work both ways. Vice Chairperson Kimura asked whether the Authority would receive progress reports and how that would be handled.

Mr. Neupane replied that staff would be attending the AWG to clarify laws, rules and regulations. This should be a two-way process instead of the group working in isolation and coming up with recommendations. Mr. Neupane had discussions in both the Bylaws Drafting and Facilitation Selection Committees that the AWG needs to provide an update to the Authority in a timely manner; whether it is the facilitator or Chairperson of the AWG providing the report.

Mr. Tsuchida added that they would do their best to advise the group on the priority items for discussion and one of those items would be how to establish a meaningful relationship with the Authority and HCDA staff. He believed that in the near future, the group would make a formal decision on how to establish good communication.

Member Saito commented that currently the group is working on how the group would operate and communicate. It is his perspective that the AWG should decide that. It should be clear from previous discussions that the Authority has had that the group is an advisory group and should not take on its own initiative; that the Authority would seek their advice.

Mr. Neupane stated that has been made clear that participants understand that it is an advisory group and not a decision-making group.

Vice Chairperson Kimura questioned whether the AWG wanted the history of the Makai area before they proceed. He commented that there are a lot of conditions and constraints that the AWG would have to consider.

Mr. Neupane responded that some of the members of the group have already started discussing that. It would be up to the AWG to decide and how to proceed. Staff envisions taking one of the meetings to provide the background, history and legislative requirements in the Makai Area. It would also take some time to familiarize the group with the environmental conditions of the area.

Mr. Tsuchida thought it would take more than one meeting to cover those items since there are a lot of facts that the group needs to understand, physical as well as legal positions. He stated that other members were interested in reviewing past plans because they realized that although outdated some of those plans may contain important elements that would be good to review.

Vice Chairperson Kimura asked whether there were any comments from the audience.

Dexter Okada from the audience suggested that at the beginning of the AWG meeting that the relationship between the Authority and the group is stressed that the group's role is only advisory. To ensure that there is no misconception later, the role should be constantly emphasized so that everyone knows and there is no conflict later.

Mr. Neupane agreed with Mr. Okada's suggestion and that by retaining the "Advisory" in the name itself should also help. He stated that it could be reiterated at the meetings that the group has an advisory role.

Ron Iwami from the Friends of Kewalo Basin Association expressed his concern regarding legislation that placed things in Kakaako Makai. He said he spoke to one of those people requesting the legislation and asked him why not wait for the AWG to discuss it. The response he got back was that he didn't want to wait that long. Mr. Iwami stated that everyone knows that the

process is going to take time. He commented that if facilities can be built in Kakaako Makai through the legislative process without the AWG's opinion, all the hard work that the group would be putting in would be a moot point. If the group is putting in all the time and energy to develop a master plan for the area, the AWG should be the sole authority to advise HCDA on what to place there.

Member Saito spoke candidly that if the Legislature passed a law that it would override everything else.

Mr. Dinell suggested to Mr. Iwami that perhaps they could go to the Legislature together to point that out.

Member Piper stated that he has made his concerns clear to the staff and others that the Authority needs to continue to emphasize the relationship between the Authority and what it is statutorily mandated to do and what the Authority's obligations are and the responsibility to the community. He thought that a lot more work needed to be done with regards to understanding what the Authority's role and obligations are. Another concern that he wanted to bring forth was the use of staff and resources for HCDA. Member Piper could already see that the staff was already being overextended especially with the AWG. He noted that Members should keep an eye on the fact that staff would be pulled in many different directions.

Mr. Dinell commented that he appreciated Members' guidance and the community's input. He was reminded of Chairperson Goshi's words at the first AWG meeting that if the process is approached with open minds and open hearts, success can be achieved.

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

2. Recommend Approval on Ground Lease Annual Base Rent Adjustment for the University of Hawaii John A. Burns School of Medicine

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

Mr. Kuitunen explained that the John A. Burns School of Medicine's (JABSOM) ground lease was issued in 2002 for a 57-year period. The annual base rent is a \$1 a year. The intended use is restricted for educational and research uses only and stipulates that it has to be carried out by employees or faculty of the school. In order to prevent third parties from benefiting from

JABSOM's below market rent, the lease provides for deviation from that use, by adjusting the base rent based upon the fair market rent of six percent of the fair market value of the space. Unfortunately, the lease does not define fair market value of the space which creates a problem.

At the July 5, 2006 Authority meeting, the issue was brought to the Authority to establish a precedent or set an adjustment to the rent in these types of situations. At that time, the Authority concluded that it would prefer to look at each sublease on a case-by-case basis.

The current lease of the subject matter is 102 square feet for two work stations to a company called Nanogentech dba BioXene. This is a requirement of an U.S. Department of Commerce Economic Development Administration grant that the University of Hawaii (UH) received as part of the construction of the building.

Previously, on August 2, 2006, HCDA presented another sublease for the Hawaii Business and Entrepreneur Acceleration Mentors (HiBeam) which was subleasing space to help the researchers bring their discoveries to patentable and commercial productivity. At the August 2, 2006 meeting, the Authority approved that sublease with an adjustment of base rent based on a pro-rata percentage of building area multiplied by the tax assessed value of land multiplied by six percent.

The BioXene lease is one of eight subleases which UH is proposing. Staff is recommending that these subleases be treated on a case-by-case basis and not set a precedent for the subsequent leases. The annual lease rent for BioXene that JABSOM is proposing is \$3,060. Following a similar formula used for the HiBeam lease, except for the change in the assessed values, would result in an adjustment of the base rent of \$806.85 per year.

Mr. Kuitunen stated that staff recommends to authorize the Executive Director to execute an agreement consenting to the sublease with BioXene and to adjust the rent under the JABSOM lease solely for the purpose of this sublease as follows:

1. Not less than six percent capitalization rate to be applied to the pro-rata fair market value of the land only;
2. The pro-rata ratio to be square footage of the subleases space divided by the total square footage of improvements; and

3. Fair market value of the land to be determined by the most recent City and County of Honolulu (City) real property tax assessed value of the land, adjusted annually when assessments are issued.

Staff further recommends that should the sublease extend beyond the original one-year term either party shall have the right to obtain an appraisal to redetermine the rent as provided in the lease, at their own expense, in accordance with the terms of the lease. Should the other party disagree with said appraisal, the second party may, at their own expense, obtain an appraisal. The two appraisers shall appoint a third appraiser, with the expense borne equally by both parties, to set a final value.

Member Saito stated that this is a modification of the ground lease and asked how the Capital Improvement Project (CIP) cost is factored in.

Mr. Kuitunen responded that when the Information Item was originally presented, there were a number of formulas that were looked at. One of those formulas considered the improved value, but the Authority did not include the value of improvements.

Member Saito asked for clarification in the amount that BioXene would pay JABSOM and the amount to HCDA.

Mr. Kuitunen replied that BioXene would pay JABSOM \$3,060 and JABSOM would pay HCDA \$806.85 per year.

Vice Chairperson Kimura asked for a motion to adopt staff's recommendation. Member Lai moved to approve staff's recommendation. Member Piper seconded the motion. Vice Chairperson Kimura asked Members whether they had any questions.

Member Piper wanted to confirm that it was the same calculation used for HiBeam.

Mr. Kuitunen responded in the affirmative except that the assessed values changed.

Member Liu asked whether the ratio that was being applied to the square feet of the sublease was net or gross and the square foot of the building was net or gross.

Mr. Kuitunen replied that it was based on the area provided in the lease; it did not specify whether it was gross or net square footage.

Member Liu asked whether the 102 square feet were usable space.

Mr. Kuitunen replied that the presumption is since it is a workstation area, it is usable.

Member Liu questioned whether the 317,225 listed as the square feet of the building in the formula was gross.

Mr. Kuitunen stated that it was the total square footage that JABSOM advised of the building so it should be the gross including common areas.

Member Liu questioned whether it should be more comparable.

Mr. Kuitunen replied that if the numerator was low, it would be a reasonable approach to use some of the load effect on the rent, but it would be a pretty small effect.

Mr. Dinell thought that the effect would be pretty small, but that for the future seven additional subleases, staff can draw attention to the numerator using the gross space.

Member Liu commented to try to squeeze more value.

Member Piper echoed Member Liu's comments not only for this case, but in trying to set what is prudent and reasonable for everyone. His original question was whether it was the same formula used for HiBeam and would it be the same formula for the next one. If the formula needs to be corrected it should be corrected now.

Mr. Kuitunen responded that one of the reasons that the Authority wanted to go on a case-by-case basis was the last two leases were very small, under 200 square feet. However, the UH has the ability to build Phase II and the question arose, "what if the University subleased the entire building?"

Vice Chairperson Kimura asked whether there was anyone from the audience who wished to make a statement. There were none. There being no further discussion. Vice Chairperson Kimura reminded the Members that there was a motion on the table to adopt staff's recommendation.

Member Bradley wanted to clarify whether there was an amendment to the proposal.

Member Liu stated that it was the original proposal. On a side note he was discussing with Mr. Dinell that the UH exempted items that are money

making operations such as the café, the child care center, the fitness center, common areas, and parking. Member Liu wanted to know what the sentiment of the Authority was.

Member Bradley noted that the lease is only for 100 square feet and it would be more expensive to try to calculate the load.

Vice Chairperson Kimura asked whether the Authority wished to proceed with the original recommendation.

Member Liu replied in the affirmative.

Vice Chairperson Kimura restated the recommendation for the approval on the ground lease annual base rent adjustment for the University of Hawaii John A. Burns School of Medicine and called for a vote. The motion was unanimously approved 9 to 0, excluding Kalaeloa Members.

Member Saito stated that as an afterthought that since it was a small amount, it should be acceptable. However, he thought it would be worth a discussion as to the intent of the process with JABSOM's rent at \$1.00 a year.

Member Liu commented that they are in arrears.

Member Saito commented that the Authority can decide whether it falls within the lease term and exempted from the rent. In this case although BioXene is not the same purpose as JABSOM, the idea is bringing something of value into the area. He thought that at a subsequent meeting, it might be worth discussing the purpose of HCDA getting a portion of the revenue, especially if it was going to be relatively minor.

Member Liu commented that it is also in the context that a private sector facility was going to be built across the street and the State is going to be competing against a private sector facility, which would be loaded down with a lot of costs. The Asia Pacific Research Center which is proceeding is going to be making this type of similar space available, so the Authority needs to be sensitive in establishing benchmarks. Member Liu stated that it would be worth a conversation.

Mr. Dinell commented that it could be discussed in an Information Item. He clarified that the trigger for HCDA is when the space is for a non-UH or non-RCUH entity. So far the two subleases, while private non-UH entities, are compatible uses. The concern would be if the sublease was for incompatible uses. Mr. Dinell stated that the point was taken and that it would be discussed in the future.

Member Saito stated that his issue was not with HCDA approving, but taking the revenue and what was the rationale.

Member Mukaigawa commented that it would be setting precedence and she did not want to discriminate if it was a big business. The overall policy should be discussed.

3. Recommend Approval to Authorize the Executive Director to Consent to the Addition of an Emergency Back-up Generator to the Radio Tower by Salem Media of Hawaii, Inc.

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

Mr. Kuitunen explained that in 1980 four entities entered into a 55-year lease with the State for a 3,600-square foot parcel by John Dominis containing a radio tower and two small single-story buildings.

In September 2006, Salem Media of Hawaii acquired the interest of its co-tenants and is now the sole lessee.

The Hawaii State Civil Defense Department requested Salem Media install a back-up generator at the site for KZOO radio station, which is a Japanese language radio station. During the recent earthquake, KSSK was one of the few radio stations broadcasting. This became a major concern for Civil Defense in getting emergency announcements out to the tourists in Waikiki, many of whom only understand Japanese. That is the basis for the Civil Defense's request to have a back-up generator for KZOO. In addition, the back-up generator would power the other three radio stations that are transmitting from this location, in the event of a power outage.

The lease requires the lessor's consent for any capital improvements. The last request was made to add KHNR AM radio station to the tower and Salem agreed to pay the additional amount of \$27,500 per year. Staff is proposing to consent to the improvement with no increase to the rent due to the public safety interest issue.

In the past, the Authority has been concerned with additional transmitters and improvements to the property should HCDA resort to eminent domain for the redevelopment of the site whether that would make relocation more difficult. Staff anticipates that there might be a public safety issue should the communications site need to be relocated.

Mr. Kuitunen stated that the staff's recommendation was for the Authority to authorize the Executive Director to consent to the addition of an emergency back-up generator with no change in the current rental rate.

Vice Chairperson Kimura asked for a motion to adopt staff's recommendation. Member Saito moved to approve staff's recommendation. Member Lai seconded the motion. Vice Chairperson Kimura asked Members whether they had any questions.

Member Okimoto asked whether the size of the parcel would change.

Mr. Kuitunen replied that it would still be 3,600 square feet.

Member Piper questioned whether it was a request by Civil Defense or a requirement.

Mr. Kuitunen replied that he confirmed with Civil Defense that it was a request.

Member Piper asked if the fee was not waived for the lessor what would staff's recommendation be.

Mr. Kuitunen replied that if the fee was not waived, HCDA could possibly request a set amount. The changes that are proposed are based on the 2005 appraisal that came up with the base rent and value of the station. While the lease renegotiation period specified that it was based on the highest and best use, the appraiser chose to base it on the usage. There was no appraisal for a generator. The value of that would be questionable. However, adding another transmitter would be a value to Salem.

Member Piper agreed with the staff's appraisal that it was a public safety and community service type issue. He also thought it was a business decision by the lessee to help their operation.

Member Saito questioned whether the alternative would be another tower.

Mr. Kuitunen replied if HCDA chose to condemn the site later.

Member Saito asked if HCDA was allowing them to stay on the site.

Mr. Kuitunen replied for the time being.

Member Saito commented that Salem agreed to put in the emergency generator so they could stay on the air, but it would incur a lot of cost to do so. He thought Civil Defense should write a letter of commendation that Salem was willing to assume the responsibility and spend the money for the generator.

Mr. Kuitunen responded that Salem informed staff that Civil Defense was paying for part of the generator.

Member Saito commented that Salem would still be paying for part of it themselves.

Vice Chairperson Kimura asked whether there was anyone from the audience who wished to make a statement. There were none. There being no further discussion. Vice Chairperson Kimura reminded the Members that there was a motion on the table to adopt staff's recommendation and called for a vote. The motion was unanimously approved 9 to 0, excluding Kalaeloa Members.

VI. ADJOURNMENT

There being no further business, it was moved by Member Lai and seconded by Member Saito to adjourn the meeting at 10:30 a.m. The motion passed 9 to 0, excluding the Kalaeloa Members.

Respectfully submitted,

/s/

Jonathan Lai
Secretary