

SUMMARY - MEETING NO. 318
HAWAII COMMUNITY DEVELOPMENT AUTHORITY
State of Hawaii

June 6, 2007 – 9:00 a.m.

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

ATTENDANCE

Members Present: Barbara Annis (for Russ Saito, DAGS); C. Scott Bradley; Amanda Chang; Grady Chun; Michael Goshi; Paul Kimura; Jonathan Lai; Theodore Liu (DBEDT); and Robert Piper (for Georgina Kawamura, B&F).

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

Members Absent: Barry Fukunaga (DOT); and Kay Mukaigawa.

Others Present: Daniel Dinell; Melvin Nishimoto (Deputy AG); Gloria Chong; Pearlyn Fukuba; Arnold Imaoka; Richard Kuitunen; Cal Machida; Tesha Malama; 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 June 6, 2007, by Chairperson Michael Goshi at 9:08 a.m. with the following roll call:

Chairperson Goshi	Present
Member Annis	Present
Member Bradley	Present
Member Chang	Present
Member Chun	Present
Member Kimura	Present
Member Lai	Present
Member Liu	Present, left at 9:45 a.m.

Member Piper	Present
Member Aila	Present, left at 10:57 a.m.
Member Chinn	Present, left at 10:57 a.m.
Member Eng	Present, left at 9:47 a.m.
Member Souza	Present, left at 10:25 a.m.
Member Timson	Present, left at 10:57 a.m.

MATERIALS DISTRIBUTED

1. Agenda for June 6, 2007 Meeting;
2. Report of the Executive Director;
3. Kalaeloa Status Report;
4. Hawaii Public Housing Authority Status Report;
5. Action Item: Approval to Expend Kalaeloa Community Development Revolving Funds and Authorization for the Entry-Way Beautification Project at Ft. Barrette Road and Roosevelt Avenue Intersection within the Kalaeloa Community Development District;
6. Executive Session: Executive Director Performance Evaluation;
7. Information Item: Recommendations by the Small Business Task Force to Support Small Lot Development in the Mauka Area of the Kakaako Community Development District;
8. Action Item: Approval to Authorize the Executive Director to Execute Memoranda of Understanding with the Department of Land and Natural Resources and to Expend Revolving Funds for Maintenance of Kewalo Basin Park, Kakaako Waterfront Park, and Makai Gateway Park; and
9. Kakaako Makai Stakeholder Interview Summary Report (distributed at the meeting).

Chairperson Goshi thanked Member Aila for serving as the Kalaeloa Cultural Specialist since July 2003. Member Aila's term expires on June 30, 2007, and this would be his last regular Authority meeting. Chairperson Goshi asked everyone to join in thanking him for his service.

Member Aila stated that it was a wonderful four years of working with the board and the future looks bright for Kalaeloa. He thanked everyone for the warm wishes and for giving him an opportunity to voice his opinions. Member Aila stated that it had been an honor to serve on the Authority and gave some parting words of advice, "A lot of times resistance to change is hard, but be very careful of the resistance to change in traditions which is even harder."

Chairperson Goshi also announced that Dexter Okada who will join the Authority in July was in the audience and introduced Barbara Annis the new Deputy Comptroller who is the designee for Member Russ Saito, Comptroller of the Department of Accounting and General Services.

II. APPROVAL OF MINUTES

1. Minutes and Summary

Chairperson Goshi asked whether there were any corrections to the minutes of the May 2, 2007 meeting. There were none. It was moved by Member Liu and seconded by Member Piper to approve the minutes as written. The motion passed 14 to 0.

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 work of the Kakaako Makai Advisory Working Group (AWG) was moving forward. The next meeting is scheduled for June 25, 2007. All information regarding the AWG is posted on HCDA's website and the community and participants are being informed of the AWG's work regularly through e-mails. Senator Carol Fukunaga and Representative Tom Brower were appointed by the Senate President and Speaker of the House, respectively, to serve on the AWG. The summary report consisting of stakeholder interview summary was distributed to the Members at the meeting and concludes Phase I of the process. Copies were also provided to interviewees, AWG members, all Legislators, as well as posted on the HCDA website.
- After the March 7, 2007 Public Hearing on Kewalo Basin Administrative Rules, some of the Kewalo Basin tenants formed a group called, "Kewalo Ocean Activities" (KOA). Staff met with this group several times to discuss modifications to the proposed rules, which include a two-tier approach to preserve benefits for existing tenants. The proposed rules were posted on the HCDA website and another Public Hearing was scheduled for the evening of May 29, 2007, to solicit formal input on the revised rules.

After scheduling the hearing, staff met with KOA members who expressed continuing concerns with the proposed rules and as such, Chairperson Goshi and staff decided to postpone the Public Hearing and instead utilize the time to hold a public meeting. Staff also met with State Department of Transportation (DOT) Director Barry Fukunaga and Department of Business, Economic Development, and Tourism (DBEDT) Director Theodore Liu. It was agreed that DOT and HCDA would work together on a joint press release to explain why the harbor was being transferred and what the required timeline would be. A copy of the release was attached to the Executive Director's written report and was also posted on HCDA's website.

The public meeting on May 29, 2007 was well attended. A transcript of the meeting was being produced and when completed would be posted on the HCDA website. Major questions asked by the attendees included: 1) why the rush; 2) what is the vision; 3) HCDA has no experience in harbor operations, why not keep it with DOT; and 4) where did the money go from past rent payments. Comments relative to the proposed rules included: 1) the minimum gross sales was unattainable; 2) permits are preferable over leases; 3) existing users should be grandfathered in or follow the DOT rules; and 4) Common Area Maintenance should not be charged. Chairperson Goshi and the Executive Director took questions at the end of the public comments, and the public was invited to provide comments through June 22, 2007. The Small Business Regulatory Review Board would be meeting on June 20, 2007, and staff hoped to have all the major issues addressed by then and before scheduling a second Public Hearing.

Staff also met with DOT representatives to discuss the status of transition of the harbor management and the steps required to assure that all documentation, permits, contracts and operational matters were addressed. The team agreed that it would be beneficial to have the new property manager shadow the DOT operations personnel for three months before a full transition takes place on September 1, 2007. Future meetings will be held as required to carry out these objectives.

The DOT wants to relinquish the harbor and staff understands that HCDA, based on legal and internal audit reviews, must accept transfer of ownership of the fixed assets of Kewalo Basin on July 1, 2007, regardless of operations/management jurisdiction.

The underwater investigation of piers has been completed and staff expects a more complete understanding of the condition and costs to fix the piers after receipt of the report.

There are two guiding principles for Kewalo Basin: 1) to obtain financial self-sufficiency to cover the expenses to provide the level of service the public and boaters expect; and 2) to get the slips back into commission in order to protect and enhance the asset.

Mr. Dinell stated that Frank Mento from KOA was in the audience and wanted to comment on the Executive Director's report on Kewalo Basin; however, the comments would be heard at the conclusion of the meeting before adjournment.

- The Kakaako Connection newsletter highlighting the working draft Mauka Area Plan was sent to over 9,400 residents, businesses, and all elected officials. The newsletter promoted the Mauka Area Plan public meeting, using an Open House format scheduled for June 19, 2007. Like the Kewalo Basin meeting, it was scheduled during the evening at Ward Warehouse to make it more convenient for the public to attend.
- Staff continues to add people to an e-mail update list with links to recent and new postings on the HCDA website.
- The financial report for April 2007 was included in Members' packets. Mr. Dinell provided more detail in the proposed administrative expense budget for the fiscal year beginning July 1, 2007, for the Kakaako and Kalaeloa revolving funds.

By law, HCDA's administrative expenses are subject to a legislatively appropriated ceiling. Highlights of HCDA's FY 2008 Administrative Budget expense include an anticipated increase in office rent beginning in January 2008. Staff has explored alternatives such as moving to another building or erecting office trailers, but believes the cost of moving outweigh the cost of staying. A long-term plan to relocate to a facility owned by HCDA appears most likely; however, no such facility is available at this time. Additionally, the rent being forecast represents the landlord's first offer before negotiations have taken place and thus, is a "worse case" scenario.

Two separate budgets are presented because expenditures for the operations of the Kakaako and Kalaeloa districts are paid from distinctive funds. In practice, expenditures that can be specifically identified for either district are charged to that district, whereas expenditures benefiting both districts are paid by the Kakaako district. In those situations, in the third month of each quarter, an internal allocation charge of five percent of such expenditures of that quarter is made against the Kalaeloa district and credited to the Kakaako district. Therefore, Mr. Dinell explained, some line items, such as insurance

(line 16), have a budgeted amount of a certain month greater than the annual budget. In the case of insurance, the annual budgeted amount in the Kakaako budget is \$20,164, yet on a cash basis, a disbursement of \$21,225 is expected in July with credit in September, which represents the Kalaeloa portion.

- Additionally, the Financial Audit report for HCDA for FY 2006 has been completed and is posted on the HCDA website.
- The next Authority meeting will be held on Thursday, July 5, 2007, due to the holiday on Wednesday, July 4.
- Mr. Dinell introduced Tesha Malama as the new Director of Planning and Development for Kalaeloa. He noted that an article on Ms. Malama appeared in the June 4, 2007, Honolulu Advertiser's "Leadership Corner."
- Mr. Dinell extended his appreciation to Member Aila for his service. He thanked Member Aila for all the courtesies extended to him and the sharing of his knowledge with the Authority and staff.

Chairperson Goshi asked Members if there were any questions.

Member Timson asked about the possibility of preparing a Kalaeloa Connection newsletter. She mentioned that she often receives calls on what is going on Kalaeloa and suggested starting with an annual newsletter to keep the expense down. Member Timson asked the Executive Director to investigate the possibilities and asked for favorable consideration.

Mr. Dinell responded that he appreciated the input and that in fact, Chairperson Goshi and he discussed the next newsletter. Since the Kakaako Connection newsletter is an HCDA newsletter, Kalaeloa articles have also been included and Mr. Dinell would include articles on Kalaeloa in the next issue. Mr. Dinell also pointed out that one of the most effective and efficient ways staff is communicating with the community is by e-mailing interested community members of news articles or announcements posted on HCDA's website and that such an e-mail list already exists for Kalaeloa stakeholders.

As a follow up on Member Timson's suggestion, Member Eng suggested that the newsletter should be considered on a quarterly basis to help keep the news current.

Chairperson Goshi asked whether there were any other questions. There being none, he moved on to Kalaeloa Status Report. Chairperson Goshi welcomed Ms. Malama to HCDA.

IV. ITEMS FOR INFORMATION

A. Kalaeloa Status Report

Tesha Malama summarized the Information Item distributed to the Authority concerning this matter.

Ms. Malama reported that staff met with Townscape Inc. on May 25, 2007 to kick start the Kalaeloa community development rules, which was put on hold until a Director was hired. Ms. Malama will be communicating with the Authority over the next three months to develop a plan on how to address the rules.

The Kalaeloa Public Safety group consists of service agencies in the area to specifically address safety issues. DOT reported that new signage and repainting of medial strips on the roadways have commenced. The area is now much safer for pedestrians. Honolulu Police Department (HPD) and Navy Security have reported increased thefts along the beach areas. The major issue for the Public Safety group is addressing the homeless population along the City's White Plains Beach. There have been reports that two-story structures have been erected on the beach. Staff will be coming before the Authority to work on a plan to help address this issue. The Public Safety group's next meeting will be held on June 28, 2007, at HPD's Kapolei Station.

The Kalaeloa Community Network group has been working together for the last four months targeting issues such as beautification and clean-up of the area and also transportation. The concern about transportation arose when the homeless shelters were placed in Kalaeloa, and the transport of the residents in and out of the area with lack of a regular bus line has become a problem. The group is setting up its first beautification project, which will be presented later in the agenda.

An announcement on the hiring of Ms. Malama was sent out to community stakeholders and newspapers.

On May 23, 2007, staff met with U.S. Navy officials on the Base Realignment and Closure (BRAC) lands. The Navy is interested in conveying some of the parcels by September 2007. Staff will be working with them to achieve this. Doug Gilkey from the BRAC office will be coming to Hawaii in July and staff will be coordinating prep meetings with the City and County and State agencies on the lands to be conveyed and the process.

Pearlyn Fukuba continues to serve on the Governor's Leeward Coast Initiative to address the broader economic and social issues in the region.

Chairperson Goshi asked whether there were any questions.

Member Timson thanked and welcomed Ms. Malama. She has already heard good things about Ms. Malama and looks forward to her work and dedication. Member Timson did not see the Hawaii Public Housing Authority representative in the audience so she wanted to bring up the homeless issue to staff. She commented that the homeless situation in Kalaeloa was very serious, and becoming dangerous. Every month the homeless issue is noted on the report and everyone acknowledges that there is a problem; however, nothing is being done to resolve it. She stated that the homeless population does not belong on the beach. The people who are on the beach are there because they do not want to follow the rules of the shelters, which leads one to believe that they are doing illegal activities. Member Timson urged that these people need to be removed from the beach, and hoped that the next report would cover what was being done instead of just stating the problem, which has already been known for months.

Chairperson Goshi stated that the homeless issue and security are a difficult situation that has been brought up on numerous occasions. Now that Ms. Malama has been hired she can look into the issue of funding for security and tapping into the existing security and working with that as well.

Ms. Malama responded that she would be working on a plan to help facilitate that action over the next couple months.

Chairperson Goshi stated that he appreciated Member Timson for keeping everyone on track. He thinks that the core issue comes down to funding.

Member Souza stated that she personally believed that the State enables people to live on the beach. Legislation and laws are needed to prohibit people from living on the beaches. Affordable homes and rentals are needed, but for those that prefer to stay on the beach because they want to do illegal activities, laws are needed so that HPD can enforcement them and remove the homeless from the beaches. Collaboration of all the agencies is needed to discuss and think the problem through. There should be some sensitivity to those who have children; but then again they belong in a shelter.

Member Bradley stated that there were similar issues in Kakaako Makai parks, but amendments were made to the park rules to address those concerns. He asked whether HCDA had the same capability in Kalaeloa.

Mr. Dinell responded that HCDA does not have the same capability because the beaches are owned by the Navy and licensed to the City. HCDA has no ownership interest. The approach staff took for the Kakaako Waterfront Park was to create a closure time from 10:00 p.m. to 6:00 a.m. every night and then hire a private security to ensure that there were no trespassers during those hours. The approach has been successful as it is reported in the Executive Director's report on the number of trespassers that are told to leave. However, the homeless problem just moves to another area. For example, early in the morning there are people literally sleeping on the sidewalks of Ilalo Street, which is public domain. The point is that the parks are being protected, which is what Members Timson and Souza's concern has been for the community to enjoy the beaches. The homeless issue is not only HCDA's problem, but with the help of the community, the Kalaeloa staff can help to figure out how to reclaim the beaches for the general public. Currently, HCDA has no enforcement ability on the beaches.

Member Timson commented that she thinks the Public Safety group would be able to address the issue. She stated that about six years ago, the Redevelopment Commission had a couple of people go to the beaches and told the homeless that they had 30 days to leave and provided agencies for them to seek assistance. However, the homeless did not want the services because they did not want to follow the rules. Thus, the Redevelopment Commission did a sweep of the beach. It may seem harsh, but it may be the approach that is needed.

Chairperson Goshi asked whether there were any further questions. There were none.

B. Kalaeloa Navy Report

Tesha Malama stated that Lynn Tanaka of Navy Region Hawaii was unable to attend the meeting; however, she submitted a report for Ms. Malama to present.

Ms. Malama provided updates on the Navy subleased parcels. The battery storage warehouse area was leased to SWR. Ford Island Properties was in the process of obtaining a new fence proposal so that Nassau Road could be opened to traffic. The road was previously blocked off by SWR and there have been complaints so the Navy will address that.

The Kona Breeze Pool and Power Point Fitness Center have entered into a sublease with the International Church of Four Square Gospel, which is doing

business as Hope Chapel Kapolei. The autoport is being subleased to Responsive Caregivers of Hawaii for adult day care. The chapel is being subleased to Vineyard Christian Fellowship. All of these leases are anticipated to go into effect June 2007.

There are two large parcels, land encompassing the former Coral Rose housing area, that the Navy was unable to get any interest. The Navy is discussing whether to turn the area into five acre parcels, which might be more open for people to lease.

Chairperson Goshi asked whether there were any questions or issues that staff could convey to the Navy. There were none.

C. Hawaii Public Housing Authority Status Report

Mr. Dinell announced that Brian Johnson from the Hawaii Public Housing Authority (HPHA) was unable to attend. However, a written report was provided in the Members' packets.

V. ITEMS FOR ACTION – DISCUSSION/DECISION-MAKING

2. Approval to Expend Kalaeloa Community Development Revolving Funds and Authorization for the Entry-Way Beautification Project at Ft. Barrette Road and Roosevelt Avenue Intersection within the Kalaeloa Community Development District

Pearlyn Fukuba summarized the Action Item distributed to the Authority and presented the staff's recommendation and introduced Suzette Smith.

Ms. Fukuba reported that the Kalaeloa Community Network (KCN) group has been meeting since last year. Currently, there are 21 stakeholders who participate in monthly meetings, but the group continues to grow. Monthly meetings are used to share issues and information; seek help to resolve issues; and to also interface with the Kalaeloa Public Safety group. The 21 stakeholders include landowners, businesses, service providers, elected officials and government agencies.

The KCN's first project is a beautification project for the front entrance into Kalaeloa at the intersection of Ft. Barrette Road and Roosevelt Avenue. Ms. Fukuba introduced Suzette Smith, District Manager Kalaeloa Rental Homes, and an active KCN member. Ms. Smith lives and works in the Kalaeloa area. Ms. Fukuba noted that the termite ridden ride share shelter was

demolished last month through Ms. Smith's coordination at no cost to the State. Ms. Fukuba thanked Ms. Smith for this effort and explained that Ms. Smith would provide more details about the design and planning of the beautification project.

Member Liu departed the meeting at 9:45 a.m.

Ms. Smith reported that she was very excited to be involved with the KCN and the Kalaeloa entrance beautification project. By removing the ride share shelter, it has helped to open up the entrance and in addition, the U.S. Coast Guard has been cleaning up the area. Everyone has noticed how much it has livened up the entrance. The KCN has worked for months to come up with an overall plan to make the entrance come alive so people's first impression as they cross over the railroad track is that there is a lot of activity and growth happening on the other side.

The KCN is planning to pull all of the unnecessary poles and signs that look old, broken or dirty. There are a lot of concrete barriers in the area and these will be painted dark brown to match the guard shack and rock walls. A sign will be placed on the guard shack recognizing the area. The landscaping will be basic, with a lot of rock beds that will give it a fresh and crisp look. The type of plants being used will be taken from guidelines in the Kalaeloa Master Plan. Makakilo Nursery will give a discount on the plants. Students from Kapolei High School will be helping with the installation and actual planning of the design of the plant materials.

U.S. Coast Guard personnel have been actively removing birthday party signs in the area. People constantly post signs and it makes the area look messy. The area looks a lot cleaner and crisper now. DOT has also been doing a great job in maintaining the property to keep the weeds down.

The beautification proposal makes the entrance area a part of the DOT Adopt-a-Highway program so the ongoing maintenance will be kept at a minimal expense. There will be some watering in certain areas, but for the most part the plant material selected is xeriscape type that needs little or no water. The ongoing maintenance will be the KCN group on a rotation basis with a combination of DOT assisting in the maintenance in the trimming and weeding of the area.

Ms. Fukuba stated the staff's recommendation for the Authority's approval to expend up to \$20,000 of Kalaeloa community development revolving funds and for staff to proceed with implementing the Kalaeloa Entry-Way

Beautification Project fronting the intersection of Ft. Barrette Road and Roosevelt Avenue.

Chairperson Goshi asked for a motion to adopt staff's recommendation. Member Chinn moved to approve staff's recommendation. Member Eng seconded the motion. Chairperson Goshi asked Members whether they had any questions.

Member Timson commented that she thought the project was great and that it was a nice to have some good news for a change. She was excited to see the stakeholders stepping up to the plate. That entrance has been her pet peeve since day one so she is really excited and pleased with the work and the partnerships involved. Member Timson was told that the flag was stolen a couple of weeks ago and asked whether they found the flag.

Ms. Smith responded that the Hawaiian flag was taken and will be replaced. The KCN will be looking at ways to secure it better. Part of the beautification project is whether lighting should be added and if so where would it be placed. Currently, the flag is raised and removed everyday because it is not lit. As the group goes through the planning stage, they will decide how to secure the flags because the flags are important and look nice.

Member Timson stated that she has heard great comments about the entrance.

Member Eng asked whether the group solicited support from area businesses that might be able to supplement the funding that was being requested.

Ms. Fukuba responded that the group met with Al Nagasako, the principal of Kapolei High School, and Ms. Gerry Clarin the school's agriculture teacher. Through their relationship with Makakilo Nursery that area business has indicated that it will donate some plants and other plants can be purchased at wholesale prices.

Chairperson Goshi asked whether there was anyone from the audience who wished to make a statement. There were none. There being no further discussion Chairperson Goshi reminded the Members that there was a motion on the table to adopt staff's recommendation and called for a vote. The motion passed 13 to 0 with 1 excused (Member Liu).

VI. EXECUTIVE SESSION

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

Executive Director Performance Evaluation, Pursuant to Section 92-5(a)(2), Hawaii Revised Statutes, to consider evaluation of an employee where consideration of matters affecting privacy will be involved.

Chairperson Goshi stated that this session would be for Members only.

It was moved by Member Lai and seconded by Member Souza to enter into Executive Session. The motion carried 13 to 0 with 1 excused (Member Liu). Member Eng departed the meeting at this time.

The Hawaii Community Development Authority entered into Executive Session at 9:47 a.m.

Member Souza departed the meeting during the Executive Session.

It was moved by Member Chun and seconded by Member Aila to reconvene the regular meeting. The motion was carried 11 to 0 with 3 excused (Members Eng, Liu and Souza).

The meeting was reconvened at 10:56 a.m.

Chairperson Goshi called for a recess at 10:56 a.m. to allow the Kalaeloa Members (Members Aila, Chinn, and Timson) to depart, as the remaining agenda items were Kakaako-related.

Chairperson Goshi reconvened the meeting at 10:57 a.m.

IV. ITEMS FOR INFORMATION - CONTINUATION

D. Recommendations by the Small Business Task Force to Support Small Lot Development in the Mauka Area of the Kakaako Community Development District

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

Mr. Neupane explained that in November 2006, Chairperson Goshi formed a task force including Members Bradley, Chang and Chun to study small lot development in Kakaako and provide recommendations that would enhance development opportunities.

The task force studied, researched, and evaluated small lot development. It also met with a focus group including small lot owners and businesses in Kakaako to receive input. The task force also tested various development hypotheses. Some of the issues discussed were: improvement district assessments, zoning constraints, parking requirements and development and market feasibility. Some of the major obstacles for development of a small lot appear to be high improvement district assessments, lack of density and lack of parking. Also landowners raised the issue of rising property taxes.

Based on the evaluation and analysis, the Small Business Task Force findings and recommendations are to:

1. Acknowledge that the benefits of Improvement District projects to the small lot owners are only theoretical if they do not wish to redevelop or sell, while the costs and other impacts are real and immediate. Therefore, based on the “specially benefiting” criteria as outlined in Section 206E-6, HRS, structure Improvement District assessments for small lots (10,000 square feet or less) within the Central Kakaako Service Business Precinct (CKSBP) in a manner that recognizes benefits to the larger community outside of the Kakaako Community Development District and not only to small lot owners and businesses in the precinct. The assessment process should more fully take into consideration the impacts to small lot owners in the weighting of the portion of assessment applied to them.
2. Increase allowable Floor Area Ratio (FAR) and building height for small lots within the CKSBP that have been subject to an Improvement District. This may also include further density increases at Transit Oriented Development (TOD) nodes at the time when a TOD overlay for the district may be proposed.
3. Parking:
 - Program and construct public parking facilities, particularly proximate to the CKSBP;
 - Allow small lot developments (10,000 square feet or less) to provide off site parking farther than the 400 feet in the current Mauka Area Plan and Rules; and

- Allow 100 percent compact size stalls for lots 10,000 square feet or less and encourage creativity in addressing on-site parking in non-traditional ways.
4. Establish a Small Lot Development Resource Center with the HCDA office.

Mr. Neupane explained that this is an Informational Item for discussion with Authority Members. After feedback from the Authority, staff will be presenting the final recommendations to the Authority for approval at a future meeting. Mr. Neupane thanked HCDA Planner Arnold Imaoka for his work assisting the task force and collecting and presenting materials.

Chairperson Goshi asked Members whether there were any questions.

Member Piper asked how many people or business owners were consulted with and who the focus group consisted of.

Mr. Neupane answered that the focus group consisted of five or six small business owners in the CKSBP area.

Member Bradley added that there were a number of public meetings on the proposed Mauka Area Plan amendments with the business owners in the area and a report produced from that effort. Since the task force would be asking the same people to come back, staff recommended reading the report and picking out the key points. The Small Business Task Force later met with the focus group to get feedback on what the task force's recommendations would be.

Chairperson Goshi stated that this effort links with the Mauka Area Plan and the Supplemental Environmental Impact Statement (SEIS) process and asked where the staff is relative to the overall schedule.

Mr. Neupane asked for clarification whether Chairperson Goshi meant just the small business recommendations.

Chairperson Goshi asked whether today's report was connected to the SEIS.

Mr. Neupane responded that the recommendations specifically dealing with the density and parking ties in to the Mauka Area Plan and the SEIS.

Chairperson Goshi stated that he wanted to clarify to the Members so they can understand the big picture.

Mr. Neupane replied that on the implementation of the proposed Floor Area Ratio (FAR) and parking items, they would move into the Mauka Area Plan timeline.

Mr. Dinell added that the recommendations for the FAR, heights and parking are components of the Mauka Area Plan so those would dovetail into the plan if that is the policy direction the Authority wants to take. As part of the SEIS process, which will likely kick off in July, public comments will be taken. That process will take at least a year. However, recommendation number four, to establish a small lot development resource center, can be implemented immediately if the Authority thinks it is important. Staff could also come back with the budgetary resources plan to implement that so recommendation number four could be implemented on a different track from the Mauka Area Plan.

Member Bradley stated that recommendation number one, if adopted, would be implemented for the next Improvement District (ID) project.

Mr. Dinell confirmed what Member Bradley said and stated that the order of the recommendations was very important. The most important recommendation was number one being the ID assessments. Staff had actually ordered it differently, but the focus group said that it was important to have the ID assessments listed as the number one recommendation. For the next ID project, HCDA will need to apply these policy principles to it and that doesn't directly relate to the Mauka Area Plan because it deals with assessments which are not part of the Mauka Area Plan, but rather are determined for each specific improvement district.

Chairperson Goshi commented that one issue of concern was the increase in property tax. He thought that was something that needs to be worked on with the City. The way the system was previously set up may have forced some people to sell and consolidate parcels with the new owners receiving the benefit.

Mr. Dinell commented that the report contains an exhibit comparing actual property tax on parcels in Moilili, McCully, Kalihi and Kakaako. Rising property tax isn't something that is exclusive to Kakaako. The City is talking about repositioning property tax and charging commercial landowners a much higher rate than residential lot owners. That is something that the City controls.

Mr. Neupane stated that in the conclusion of the report, the task force suggests ways of funding for the ID program and how to work with the City on some of those issues.

Chairperson Goshi asked whether there was anyone from the audience who wished to make a statement.

Christine Kaneshiro from the audience commented that the recommendations on the ID assessment showed HCDA is willing to be more sensitive to businesses.

Mr. Neupane said that the recommendation stated that people outside of Kakaako use the ID projects. For example, the streets, the pavement, the sewer line benefit people outside of Kakaako, not just the properties that are adjoining the improvement district. In the future, when HCDA does assessments those things will be looked at and factored in the assessments.

Member Bradley stated that the task force was interested in the theory of how the assessments were done and how increasing the infrastructure capacity benefited a particular lot. The focus group told the task force that some of them did not want to develop their respective lots. So the improvement district would not benefit the owner, and it also had a negative adverse impact because their businesses would be displaced. Member Bradley stated that the one thing that struck him was that although HCDA was assessing these parcels for the infrastructure, it is not guaranteed that the landowners will have the capacity for them to develop if they choose to do so in the future. One example was of a business that had already paid their assessments, but when it was time for them to hook up to the City's wastewater system, the capacity was already used so the business had to pay for another sewer line. The task force felt that the burden placed on the landowners in the area was disproportionate to the benefit that they were receiving. Thus, the formula should change to significantly reduce the assessments to those owners.

Mr. Neupane stated that some of the economic variables were not included for the benefits. In the future, when ID assessments are done, there needs to be a lot of variables added in and as to how it was arrived at.

Chairperson Goshi stated that was a good point that when retooling the rules, the engineering would also have to be retooled.

Chairperson Goshi thanked Members Bradley, Chang and Chun for serving on the Small Business Task Force and for dedicating their time and efforts on the

issues. Since the report was completed, Chairperson Goshi disbanded the Small Business Task Force.

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

4. Approval to Authorize the Executive Director to Execute Memoranda of Understanding with the Department of Land and Natural Resources and to Expend Revolving Funds for Maintenance of Kewalo Basin Park, Kakaako Waterfront Park, and Makai Gateway Park

Gloria Chong summarized the Action Item distributed to the Authority and presented the staff's recommendation.

Ms. Chong reported that when the Kakaako Waterfront, Makai Gateway and Kewalo Basin Parks were completed, HCDA established a relationship with the State Parks Division of the Department of Land and Natural Resources (DLNR). Through annual Memoranda of Understanding (MOU), State Parks maintained the parks and paid for all utilities at no cost to HCDA until DLNR experienced budgetary cuts. For the past eight years, HCDA has been paying DLNR \$88,000 a year to maintain Makai Gateway Park. For the past four years, HCDA has paid DLNR \$100,000 a year to maintain Kakaako Waterfront and Kewalo Basin Parks.

The current MOUs will expire on June 30, 2007. The new proposed MOUs were included in the Members' packets. The MOU sets forth the responsibilities of State Parks to provide general maintenance services for the three parks. The services include: daily custodial work at the comfort stations, lawn mowing, coconut tree trimming, repairs, maintenance, and payment of all utilities. In addition to State Park's services, there is a supplemental landscaping maintenance contract with a private contractor, who provides weed control and fertilization program for Kakaako Waterfront Park and Makai Gateway Park.

Ms. Chong stated that a new provision to the MOU under DLNR's responsibilities that was not reflected in the Members' copies as it was added after the packets were distributed. It deals with an enforcement matter and reads, "Advise park patrons of violations of park rules and educate patrons of proper conduct in the park." This provision was added because staff is not physically at the park daily to monitor compliance of the park rules. DLNR will become the eyes and ears for HCDA of any suspicious activities. Ms. Chong received a verbal concurrence from Stephen Thompson, State

Parks Program Manager, about the added clause. He also indicated that this duty is already part of the park caretakers' job description.

There are two separate MOUs – one for Kewalo Basin and the other covering Kakaako Waterfront Park and Makai Gateway Park because it is anticipated that once the transfer of management and operation of Kewalo Basin Harbor facilities from DOT to HCDA is completed, HCDA might consider consolidating Kewalo Basin Park into the Kewalo Basin Management agreement, hence requiring staff to cancel the MOU for Kewalo Basin Park.

In determining the feasibility of continuing the MOU with State Parks, staff looked into the option of privatization. Staff asked a private landscape maintenance contractor to provide an estimate based on a scope of work similar to that of State Parks. The estimate was \$223,000, excluding utility expenses, or 18.5 percent more than the existing cost with State Parks.

In view of the lower cost with DLNR, staff is recommending approval of the MOU with State Parks. It is important to maintain the health and safety at a reasonable cost for all visitors to the Parks. DLNR has provided economical maintenance services and has performed a satisfactory job. However, if service and quality fall below acceptable levels, the HCDA would be able to terminate the MOU with State Parks with a three-month notice.

State Parks has verbally affirmed its willingness to the terms of the MOU for all three parks for another year beginning July 1, 2007 and ending June 30, 2008.

Staff recommends approval to authorize the Executive Director to: (1) execute the Memoranda of Understanding with the State Parks Division of the Department of Land and Natural Resources for maintenance of the Kewalo Basin Park, Kakaako Waterfront Park, and Makai Gateway Park, for three one-year periods; and (2) expend revolving funds for maintenance during fiscal years 2008, 2009, and 2010 not to exceed \$188,000 per fiscal year.

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

Member Chang commented that in addition to DLNR there was a contract with a private landscaping company, and she asked what the approximate cost of that contract was.

Ms. Chong responded that the cost is currently \$293,000 annually.

Member Chang questioned the amount of \$293,000. She thought the cost would be less than the maintenance.

Ms. Chong answered that the landscape company provides a weed control and eradication maintenance program.

Mr. Dinell added that the landscape company also provides the irrigation and repair and maintenance of the entire irrigation system. In the late 1990s there was a huge problem with DLNR's inability to maintain the system and the Authority had to spend a large sum to bring it up to standard. The contractor also does all non-coconut tree trimming. The contract was competitively bid and was awarded to the lowest responsive bidder.

Member Chang asked for clarification whether the comparable quote from the private sector was 18 percent higher than DLNR was charging and also excluded the supplemental work.

Ms. Chong replied in the affirmative.

Chairperson Goshi asked whether there was anyone from the audience who wished to make a statement.

Frank Mento, from Kewalo Ocean Activities (KOA) a non-profit group of Kewalo Basin tenants, questioned whether there were any supplemental expenses for the maintenance done by the DLNR for the Kewalo Basin Park or was the \$100,000 inclusive of all the maintenance and landscaping.

Ms. Chong responded that it cost \$100,000 for Kewalo Basin and Kakaako Waterfront Parks.

Mr. Mento asked whether that number was separated.

Ms. Chong replied that they are combined in one MOU.

Mr. Mento asked whether there was a separate figure for Kewalo Basin Park.

Ms. Chong answered that the current MOU that is being proposed has Kewalo Basin separated.

Mr. Mento asked how much it would be.

Mr. Kuitunen clarified that the Kewalo Basin Park starts where the mammal lab is and extends to the ocean and does not include what DOT is currently paying. DOT's section extends all the way to Ala Moana Boulevard.

Mr. Mento asked whether Ms. Chong knew how much it currently cost to maintain the portion under HCDA's control.

Ms. Chong responded \$60,000.

Mr. Mento asked how much DOT is paying to maintain the section of Kewalo Basin landscaping not covered by the MOU.

Mr. Kuitunen replied that staff did not have that figure.

Chairperson Goshi asked whether there were any further questions. There were none. There being no further discussion Chairperson Goshi reminded the Members that there was a motion on the table to adopt staff's recommendation and called for a vote. The motion carried 8 to 0 with 1 excused (Member Liu) and excluding Kalaeloa Members.

Chairperson Goshi asked whether there were any other matters to be brought before the Authority.

Frank Mento of the Kewalo Ocean Activities (KOA) was allowed to provide comments on the Executive Director's Report on the Kewalo Basin issue.

Mr. Mento stated that he wanted to talk about KOA's concerns raised at the town hall meeting. The biggest issue that KOA had is "why the rush?" There are options. Specifically he requested the Authority to look at the bookkeeping transfer of assets which is supposed to occur on July 1, 2007. KOA has been told the reason for the bookkeeping transfer is because the State auditor said that it must occur to comply with the fiscal year. Mr. Mento asked whether the Authority was aware of the liabilities that go with the transfer. If not, he wanted to suggest trailing liabilities. The user fees that Kewalo Basin tenants have been paying for many years in the harbor could be a possible trailing liability. If the assets are transferred to HCDA on July 1, 2007, the liabilities will also be transferred. He thought the Authority should look into that as it could be a significant amount of money. Mr. Mento suggested that there is a federal law and Hawaii case law precedent that those liabilities exist.

Mr. Mento wanted to know what the rush was in the bookkeeping transfer. KOA looked in HCDA's Hawaii Revised Statutes (HRS) 206E-4 and could not find where it states that HCDA is mandated to manage a harbor. He quoted Article 5, Section 6 of the State Constitution that says, "All departments of the State and their respective powers and duties should be allocated by law." There are some questions whether HCDA is mandated to

manage a harbor. Mr. Mento did not know whether that question was answered by the Attorney General. Those are two major issues that suggest that perhaps the bookkeeping transfer should be postponed.

Mr. Mento also questioned the bookkeeping transfer when the rules are not in place. He asked whether the bookkeeping transfer should coincide with the management transfer.

Mr. Mento asked whether the July 1, 2007 date was because of the end of the fiscal year or whether that date was relevant to the award of the Request for Proposals (RFP). He asked whether there was something about that date that was forcing the transfer. He thought it might create a lot of errors and liability.

Mr. Dinell responded that when the auditor conducts a financial audit, they report exceptions. An audit was conducted on the DOT and noted the exception -- DOT has an asset that they do not own, but is on their books and the auditor said that they must move the asset to the entity that it belongs to. That exception was created in the audit report. If DOT continually ignores the exception, the auditor will get more vehement about correcting the problem so that is the reason for the transfer. DOT doesn't operate Kewalo Basin as a sub-account; they co-mingle all their revenues into one special fund that includes all DOT harbors statewide. The DOT Harbors staff then allocates the monies based on legislative expenditure ceilings. Mr. Dinell stated that he is not sure whether it was possible to identify what funding went in or where it belongs to, but that question could be raised. Regarding the powers of HCDA's statute 206E, Mr. Dinell stated that HCDA's Deputy Attorney General would look into that question and opine on it. July 1, 2007 is the start of the fiscal year and that is the significant driver of the bookkeeping transfer and it has no relationship to the RFP.

Chairperson Goshi commented that it is not HCDA's call and that the transfer is not something that HCDA has control over.

Mr. Dinell added that in the end it is all a State liability, just transferring it from one set of books to the other.

Mr. Mento asked why it is separated.

Mr. Dinell responded that all the agencies are a part of the State of Hawaii, but the agencies are different entities within the State.

Mr. Mento questioned doing the bookkeeping transfer before the rules are in place. He asked what happens on September 1, 2007, if the rules are not in place. Mr. Mento quoted the minutes of the May 2, 2007, Authority meeting.

Member Okimoto commented that the \$5.53 million CIP funding for Kewalo 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 then 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. Mento then asked, "Why the rush?" He stated that there are options available and there seems to be legislative intent because they put the money into the DOT budget and the multiple bills proposed last session that did not pass that says the Legislature wants to determine where the harbor is going to be and whose jurisdiction it will be under. There is some agreement at the Legislature that a third agency is not needed.

Mr. Dinell questioned why the Legislature didn't pass the proposals during the legislative session. There was a resolution and a bill that was heard, but deferred. This is not something that HCDA is asking for.

Mr. Mento stated that the tenants were given the rules on March 7, 2007, and they were trying to protect their businesses and keep the charm and character of the harbor. The tenants received support, but the bills were introduced late. Unfortunately there were a lot of other issues at the Legislature that took precedence so those bills died. However, the fact is that the money was taken from HCDA's budget and put into DOT's budget.

Mr. Dinell corrected Mr. Mento's statement and explained that in the Administration's budget monies for Kewalo Basin for DOT was zero. HCDA doesn't have a line item budget for Kewalo Basin since it can expend monies from its revolving fund without legislative appropriation, so it wasn't removed from HCDA's budget. DOT's budget for Kewalo Basin was amended by the House Committee on Finance by authorizing a special fund expenditure ceiling, but the Senate Committee on Ways and Means removed it. In Conference Committee the House version prevailed. Mr. Dinell's point was the Legislature had the opportunity to act during the legislative session, including adding a proviso to either the DOT or HCDA budget, but did not do so.

Mr. Mento requested for the Authority to defer any rash action. He wanted to take it to the next legislative session. The tenants specifically talked to Legislators on how limited the resources of the harbors are and it is important that the Legislature decide who has jurisdiction. Act 86 was passed in 1990, and since then, a lot of time has passed. Mr. Mento thought that the legislative intent was that they will decide who will have jurisdiction and placed the money into the DOT budget so that the Legislature would have that option. He is asking to defer the transfer because it could be detrimental to the boaters businesses.

Chairperson Goshi stated that he sat through several meetings and he encouraged Mr. Mento to work on the things that could be worked on, for instance, the rules. Some of the issues that Mr. Mento mentioned are hypothetical and Chairperson Goshi wanted to be effective and move on. He suggested to Mr. Mento to work on the rules together with HCDA.

Mr. Mento responded that KOA is willing to work on the rules, but they needed some answers to some questions.

Chairperson Goshi stated that he didn't see KOA and HCDA as being that far apart on the rules; there may be four or five key issues that need to be worked on such as: the rate sheet, permits and insurance.

Mr. Mento added there is some peculiar language about 80 percent of minimum gross sales that is hard to decipher.

Chairperson Goshi stated that some of the language is boiler plate. He would like to find a common ground on those issues.

Mr. Mento replied that another serious issue is the user fees. The tenants paid for those improvements in the user fees despite the fact that the fees may not be able to be separated out in the budget, but the federal law protects those user fees. Mr. Mento stated that the permit user fees could only be used to provide services to the permittees. If for many years, DOT had a surplus in user fees, Mr. Mento asked why weren't the improvements done. He understood the jurisdiction issues, but it was an important issue for the tenants to know. As the tenants move forward on the rules, they don't want to be hit with the possibility that the improvements will be done on a reimbursable bond because they couldn't pay for it. He stated that their businesses work on very small margins.

Chairperson Goshi commented that HCDA was not the recipient of those past funds so HCDA does not have those monies.

Mr. Mento remarked that was one more reason to delay.

Chairperson Goshi stated this has been going on for some years. The transfer could keep being delayed, but HCDA has to operate on what is on its plate right now.

Mr. Mento stated that the Legislature has bought some time for HCDA by putting money into the DOT budget. There has been representation that the tenants have been involved in the rules since 2005, but that is untrue. Two people were hand selected to be in the process and those people were not informed of the many issues. The March 7, 2007 Public Hearing clearly demonstrated that the tenants were surprised by all the financial requirements. Mr. Mento wanted to know who was involved in the task force and how did they get selected. The tenants have now formed a group, elected leadership, participated in several

meetings with HCDA, and now that process has gone away. The group attended the town hall meeting and was told that they could only provide commentary. Mr. Mento thanked Chairperson Goshi for answering some of the questions at the town hall meeting. Mr. Mento commented that the process has been frustrating for the tenants involved because it seemed like they were being stonewalled and keep getting pushed into discussing the rules without their key questions being answered. The questions being, “Will there be permits, where is the money, and why the rush.”

Chairperson Goshi stated that he would like to focus on the major issues of the rules. He didn't want to address the question on why the rush or legislative intent because he has no control over that. Chairperson Goshi stated a lot of time could be wasted over that and he really wanted to concentrate on the rules.

Mr. Mento questioned what the process would be because KOA would object to providing commentary submitted to a website. KOA wanted to participate in meetings and it could also include a facilitator or someone to assist so that they could get some questions answered and not feel stonewalled.

Chairperson Goshi thought meetings would be the way to work things out and come to an agreement.

Mr. Mento replied that KOA would love that opportunity, but once again asked whether the bookkeeping transfer was essential before the rules are in place and before investigating the liability issues.

Chairperson Goshi stated that Mr. Mento was asking the wrong person.

Mr. Mento asked whether KOA needed to talk to the State auditor.

Chairperson Goshi replied that since he is not part of State government, he can't answer that, but staff can ask that question of the State auditor.

Member Kimura requested that KOA's concerns be in writing so the Authority knows exactly what they are dealing with.

Mr. Mento responded that he would be happy to provide that and asked whether he should send them through the HCDA website.

Mr. Dinell replied that the concerns could be sent to him as the previous concerns were shared with the Members.

Member Bradley thanked Mr. Mento for coming and stated that it was helpful to hear his perspective directly. He was having a hard time personally getting a handle on where the

Kewalo user fees are and where they went. He asked whether Mr. Mento was under the impression that the monies that the tenants paid were not used or that the fees were in excess because it seemed like the fees were low in comparison to other harbors.

Mr. Mento replied that KOA went to the DOT website and reviewed their financial reports starting from 2003. Prior to 2004 it seemed that all the harbors were lumped together. But in three of those four years, there was a surplus of \$250,000 credited to Kewalo Basin. There was one year that there was a deficit. In that year, there were nine expenses for maintenance and operations, those line items jumped that year disproportionately than any other year by about \$800,000. This may have been the year that some improvements had been made. KOA is not sure how much surplus there is specifically when the harbor had more operators at Kewalo Basin including Star of Honolulu that used to pay rent close to \$500,000 a year. Mr. Mento asked whether there was any accurate accounting for the harbor. The tenants operate on cycles. They have large payrolls and the money is spent around the state to vendors, which also has a multiplying effect.

Member Bradley commented that there were two questions. One was a legal question that he did not understand and the other on the funding of the services. He requested that the appropriate departments be asked what was required to be spent on the services and whether there was a surplus or deficit.

Chairperson Goshi replied that staff could ask that question. Chairperson Goshi stated that he was not trying to be evasive, but the question may be a difficult to answer. He thought that staff should ask those questions and also ask the cost to operate Kewalo Basin.

Member Bradley commented that was a great point and that perhaps the focus should be on what is the actual cost to operate Kewalo Basin, that way everyone could be at a comfort level that proposed fees are fair.

Mr. Mento commented that one of the issues is the proposed Common Area Maintenance (CAM) fee. No one was sure where the CAM charges would go. The other issue is whether a permit or lease would be administered. Under the permit system, user fees could only be spent for services provided. However, under the lease system, the money could have a CAM like a shopping center. Harbors operate differently.

Member Bradley thanked Mr. Mento for clarifying why there was an objection to the lease.

Member Lai was curious to know whether the user fees in Mr. Mento's opinion were reasonable in the last 17 years.

Mr. Mento replied in the affirmative.

Member Lai stated that he didn't know what the issue was about.

Mr. Mento stated that there was never an objection to the increase in fees; they understand that because they are business people. But some of the amendments that were proposed, such as the insurance requirement, were too high and it would be hard for some of the tenants to get that insurance. CAM was an unknown. Mr. Mento wasn't sure whether it was still in the rules, but originally there was a premium to set up a business. The tenants have previously asked to see a lease and they still have not seen a lease.

Chairperson Goshi asked whether the tenants were okay with paying the fees to cover expenses.

Mr. Mento stated that they never had a problem with that.

Chairperson Goshi asked whether it was exclusive to the services necessary to operate the facility.

Mr. Mento replied in the affirmative.

Member Piper thanked Mr. Mento for appearing before the Authority and for his approach. Member Piper stated that although he is new to the Authority, everyone is dedicated to providing the best service possible to not only the boaters, but to everyone the Authority serves. Member Piper appreciated Mr. Mento's reasonable and respectful approach to the Authority. He echoed what Chairperson Goshi stated earlier to agree to work on those issues that the Authority has control over and if the group is unable to get any movement, they would agree that there is disagreement. Then KOA could pursue other avenues that they need to. There are a lot of areas that the Authority and KOA can work on immediately to come to some kind of working agreement that could be beneficial to everyone. The question on liability is an issue for the Attorney General's office. The Authority wants to work with KOA to come to an agreement. Member Piper thanked Mr. Mento again for this approach, stating that it also helps to get information so the Members can work with the Chairperson and Executive Director to work towards positive solutions.

Mr. Mento asked for clarification that the bookkeeping transfer on July 1, 2007, is out of HCDA's control and that decision will not be made by this Authority.

Member Piper replied that at this point, that is his understanding. He commented that the legislative intent can be discussed, but until it becomes law nobody can second guess on what the intent is. HCDA has its mandates that the Authority has control over and those are the areas that are the most productive in working with KOA on.

Mr. Mento clarified that Member Piper's suggestion was to take those issues that are out of the control of the Authority up the chain of command.

Member Piper stated that he was not suggesting anything, but that Mr. Mento should work with the Authority on those issues that the Authority has control over and that Mr. Mento is free to do whatever he thinks he needs to do.

Chairperson Goshi thanked Mr. Mento for his time and asked him whether he would be willing to work with a subcommittee of the Authority to address those items within the Authority's control.

Mr. Mento replied that KOA is willing to work in anyway that encourages open dialogue.

Chairperson Goshi stated that he would like to create a subcommittee on the Kewalo Basin rules and asked for volunteers.

Members Bradley, Chun, Goshi, Lai, and Piper volunteered to be on the subcommittee.

Mr. Dinell reminded the Authority that the subcommittee has to be less than a quorum, which is six or fewer Members.

Chairperson Goshi stated that a subcommittee was formed to work with KOA on the Kewalo Basin rules and report back at a future Authority meeting.

Member Piper commented that there are other Members who are not present that may want to serve on the committee and wanted to keep that possibility open for them to serve; however, he left the decision to the Chairperson's discretion.

Chairperson Goshi asked whether Members could be added at the next meeting.

Mr. Dinell replied in the affirmative, but that it would have to be done at a publicly noticed meeting. There were currently five Members on the subcommittee: Members Bradley, Chun, Goshi, Lai and Piper. State law allows up to six Members.

Member Annis stated that the Comptroller should probably be involved.

Mr. Dinell told Chairperson Goshi that he could assign Member Saito in his absence.

Member Annis stated that she would have to ask him first.

Member Chun stated that at the next meeting there will be two additional Members.

Chairperson Goshi noted the input and commented that he knows it takes time to meet, but the subcommittee is committed to meeting and he sees Mr. Mento's commitment.

Mr. Mento stated that there are several other members in the KOA leadership that would like to participate, but due to the particular business needs of each, may not be able to attend. However, he would be at every meeting.

Chairperson Goshi stated that he would depend on Mr. Mento to communicate to the larger group anytime that the Authority talked to him.

Mr. Mento stated that he would do so.

VI. ADJOURNMENT

There being no further business, it was moved by Member Bradley and seconded by Member Piper to adjourn the meeting at 11:52 a.m. The motion passed 8 to 0 with 1 excused (Member Liu) and excluding the Kalaeloa Members.

Respectfully submitted,

/s/

Jonathan Lai
Secretary