

SUMMARY - MEETING NO. 314
HAWAII COMMUNITY DEVELOPMENT AUTHORITY
State of Hawaii

AMENDED

February 7, 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; Grady Chun; Michael Goshi, Jonathan Lai; Rick Manayan (for Theodore Liu, DBEDT); Kay Mukaigawa; and Robert Piper (for Georgina Kawamura, B&F).

Kalaeloa Members: William Aila, Jr.; Kathy Sokugawa (for Henry Eng, DPP); and Maeda Timson.

Members Absent: Barry Fukunaga (DOT); Paul Kimura; Russ Saito (DAGS); Micah Kane (DHHL Kalaeloa Member); and Evelyn Souza (Kalaeloa Member)

Others Present: Daniel Dinell; Melvin Nishimoto (Deputy AG); Matthew Akamu; Pearlyn Fukuba; Neal Imada; Arnold Imaoka, Richard Kuitunen; Cal Machida; Steve Miyamoto; Deepak Neupane; Teney Takahashi; Susan Tamura; Jill Sugihara; and Loretta Ho (also, see Meeting Attendance Record).

I. ROLL CALL

The meeting of the Hawaii Community Development Authority (HCDA) was called to order on February 7, 2007, by Chairperson Michael Goshi at 9:09 a.m. with the following roll call:

Chairperson Goshi	Present
Member Bradley	Present
Member Chang	Present
Member Chun	Present

Member Lai	Present
Member Manayan	Present
Member Mukaigawa	Present, arrived at 9:37 a.m.
Member Piper	Present
Member Aila	Present, left at 9:53 a.m.
Member Sokugawa	Present, left at 9:53 a.m.
Member Timson	Present, left at 9:53 a.m.

MATERIALS DISTRIBUTED

1. Agenda for February 7, 2007 Meeting;
2. Summary Minutes of Authority Meeting of January 10, 2007;
3. Report of the Executive Director;
4. Kalaeloa Status Report;
5. Information Item: Update on Kakaako Makai Advisory Working Group Process;
6. Information Item: Update on Kewalo Basin Transition from Department of Transportation – Harbors Division Jurisdiction to HCDA;
7. Action Item: Recommend Approval to Cancel Improvement District 11, Queen Street Improvements – Kamakee Street to Ward Avenue;
8. Action Item: Recommend Approval to Authorize Executive Director to Engage in a Professional Services Selection Process to Identify a Consultant that Offers the Best Value to the State to Prepare a Supplemental Environmental Impact Statement for the Kakaako Community Development District Mauka Area Plan and Rules; and
9. Action Item: Approval to Authorize the Executive Director to Consent to the Addition of One Transmitter to the Radio Tower by Salem Media of Hawaii, Inc. and Adjust Rent.

Chairperson Goshi introduced Rick Manayan, Special Assistant to Director Theodore Liu, who would be representing the Department of Business, Economic Development, and Tourism.

II. APPROVAL OF MINUTES

1. Minutes and Summary

Chairperson Goshi asked whether there were any corrections to the minutes of the regular meeting of January 10, 2007. Mr. Dinell made a correction to the third bullet point on page four, stating that there was a typo in the figure. The

line reads, “A total of \$4.53 million in Reimbursable GO Bonds is included...” The figure should be \$5.53 million. It was moved by Member Manayan and seconded by Member Bradley to approve the minutes as amended. The motion passed 10 to 0, with 1 excused (Member Mukaigawa).

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 introduced new staff person Loretta Ho, Asset Management Secretary.
- HCDA received a letter of request on January 5, 2007, from the Hawaii Public Housing Authority (HPHA) that the Next Step Shelter be allowed to occupy the space at CFS3 warehouse through July 31, 2008. The original commitment was till March 2007. This request impacts the Office of Hawaiian Affairs (OHA) Headquarters and Cultural Center. HCDA has responded that HPHA can continue their occupancy on a month-to-month basis and ask that they and OHA work very closely on a termination date. HCDA is confident that having HPHA and OHA work together, all parties will have sufficient time to plan accordingly.
- A notice was sent to various interested parties/regulatory officials on the new official boundaries of the Kakaako Community Development District due to the impact of legislation last year that excludes Piers 1 and 2 from the Makai Area.
- HCDA staff will conduct their quarterly community service day on Tuesday, February 27, 2007. Last quarter, volunteers painted over graffiti in HCDA’s parks. This quarter staff will be working with students at Voyager School, a public charter school, as well as doing some much needed repairs at the Kakaako Waterfront Park.
- Mr. Dinell advised the Authority that the preliminary amended Mauka Area Plan and Rules would be completed in late March for public review and comment. Staff is meeting with various stakeholders and government agencies to obtain input. Staff is coordinating with McKinley High School officials in the master planning of the school’s athletic facilities. The Mauka Plan envisions possible joint use of certain recreational facilities. There is an

Action Item later on the agenda about the need for a Supplemental Environmental Impact Statement for the Mauka Area Plan.

- Mr. Dinell discussed the December financial statement attached to his Executive Director's report. He noted it represents the first half of the fiscal year.
 - The administrative expenses in both districts are below budget, largely due to staff vacancies. Additionally, there is positive revenue generation in each of the Kakaako revolving fund sub-accounts.
 - The available balance in the public facility sub-account is negative because commitments being earmarked are greater than funds currently available. For instance, HCDA has a \$5 million placeholder to assist the establishment of an elementary school in Kakaako. HCDA has also set aside \$5.6 million from the public facility sub-account to acquire up to 200 parking spaces as part of the Moana Vista planned development, which was approved in September 2006. Since items like these will actually be paid for in the future from public facility dedication fees that are readily forecasted, the next major influx being from Moana Pacific, the negative available balance is not critical at this time. Mr. Dinell noted that it can be frustrating when critics say that HCDA doesn't have a plan for education or parking in Kakaako when over 80 percent of the public facility funds are targeted to these two areas.
 - While the Kalaeloa year-to-date expenditures exceed revenue, the available balance is \$129,000, which is very comfortable to meet the district's expected needs in the coming six months. Pearlyn Fukuba will note in the Kalaeloa Status Report that HCDA is receiving commitments from agencies for the annual assessments to fund District operations.
- HCDA's annual report has been transmitted to the Legislature and is also available on the HCDA website.
- The 2007 Legislative Session opened on January 17, 2007. Mr. Dinell reported on legislation pertaining to HCDA.
 - As part of the Administration's package, legislation was introduced to allow HCDA to sell fee simple interest in reserved housing units. Under current law, HCDA can purchase a buyback unit, but is not able to resell the unit to another qualified buyer with new buyback and/or

equity share restrictions. Staff believes that when the Legislature passed the law banning residential land use Makai of Ala Moana Boulevard and prevented HCDA from selling a fee interest in property it owns except in certain instances that they did not intend to prevent HCDA from keeping housing units in Kakaako affordable. A hearing was held on the measure (HB 1283) on February 1, 2007, and the measure passed, with amendments, out of committee 11 to 0.

- A hearing was held by the House Committee on Water, Land, Ocean Resources and Hawaiian Affairs on the proposed legislation for a tax credit to support the development of a world class aquarium in the Kakaako Makai Area on February 5, 2007. HCDA took no position on the bill, but stressed the two phased community involvement process for the Waterfront that is designed to be open, transparent, and inclusive. The Authority would look to the Advisory Working Group to provide input as to whether projects, such as the proposed aquarium, fit into the collective vision of the community and the Authority. Staff also suggested that the voice of the community be heard before legislation is passed to encourage certain uses. Legislators also received a copy of HCDA's press release and process chart that was included in the Members' packets. The Committee amended the measure and passed it on to the next committee.
- There are two bills, one in the House, one in the Senate that requires HCDA to set aside land near John Dominis Restaurant for use by the Kewalo Keiki Fishing Conservancy and to proceed with any necessary environmental remediation. The House Committee will hold a hearing on its version. The same kind of thinking applies as with the aquarium tax credit bill, and that is to let the Kakaako Makai Advisory Working Group convene, and consider the whole picture before assigning particular uses to specific parcels. Incidentally, staff has on three separate occasions, offered to accommodate the Kewalo Keiki Fishing Conservancy in a facility that is safer and superior to what they are seeking. The group would still have access to the fishing area, albeit by water, not by land, because the soil is contaminated. Without knowing what the future use of the land would be, it is not prudent to do the remediation at this juncture.
- HB 1083 and SB 896 appropriate \$150,000 in the coming fiscal year to the High Technology Development Corporation to negotiate a 10-year lease guaranty to construct the Asia Pacific International Research Center for high technology in Kakaako. HCDA submitted written testimony in support of this measure. Staff feels the Center,

located across from the John A. Burns School of Medicine on the former Honolulu Ford site, will help strengthen the life sciences sector in Hawaii, and particularly Kakaako. A hearing on SB 896 was held on February 1, 2007, with decision-making scheduled for February 8, 2007.

- A House bill establishes the Kakaako affordable housing development program and the Kakaako affordable housing development fund to provide incentives to developers building or rehabilitating affordable housing units in Kakaako over the next five years. It also appropriates funds and is scheduled for hearing on Thursday, February 6, 2007.
- Bills in both the House and the Senate propose to establish a Kakaako Central Small Business District and require the Authority to confer and obtain consensus from real property owners within and adjacent to a proposed public facility prior to undertaking any public facility as part of the district-wide improvement program. It also requires the Authority to transfer an amount equal to assessments received from 2001-2005, to a new Kakaako district schools special fund. This particular provision is something that staff doesn't quite understand because there is no nexus between improvement districts and schools. It also changes the assessment language in HRS 206E-6 from "shall" to "may," but still leaves in language about the "specially benefited" properties. While this provides flexibility to the Authority to choose whether to assess private landowners for improvements or not, it does not provide a funding solution for improvement districts. These measures have not been scheduled for hearings.
- Hearings have been held on a bill to make an appropriation to Honolulu Marine to establish new infrastructure for its operations at the Keehi Small Boat Harbor. Honolulu Marine runs a shipyard at Kewalo Basin with a lease that runs until 2021. HCDA's testimony points out that funding for this is not part of the Executive Biennium Budget and that what is being asked for is not relocation expenses, but construction assistance at their new site. Staff has held discussions with Honolulu Marine on an early termination of their lease, as HCDA believes it would be mutually beneficial since they have identified a site for their operations. This would allow the Kakaako Makai Advisory Working Group to not be constrained with Honolulu Marine's land occupancy as it works on Makai Area planning.
- Several proposals expand HCDA's responsibilities: (1) HB 258, which establishes the Ala Wai Community Development District and

transfers Ala Wai Boat Harbor from the Department of Land and Natural Resources to HCDA. The legislation also provides for request for proposals for the private redevelopment and operation of Ala Wai Boat Harbor. (2) HB 1107 establishes the Liliha-Palama community development district within the administration of HCDA. (3) The Honolulu transit community development district establishes a district to encompass all lands within a one-half mile radius of transit stations. In all these measures, staff expressed appreciation for the vote of confidence in HCDA by the bill's introducers that this agency can replicate positive economic and social results elsewhere on Oahu as it has in Kakaako. Staff also noted that designation of a community development district is a policy decision of the Legislature and should the Legislature expand HCDA's responsibilities, HCDA would request funds to do a planning study which would include input from the community.

- The Senate is proposing to require legislative approval of any sale or exchange of lands under the control of any state department or agency for private lands. This is a more comprehensive public policy approach to what was passed last year that only affected HCDA's ability to convey fee simple land in Kakaako.
- HB 105 requires HCDA, in cooperation with the City and County of Honolulu, to develop a plan for an affordable housing community within Kalaeloa. A hearing by the House Human Services and Housing Committee was held on January 25, 2007, and the measure passed out with amendments.
- Staff is working with the House Committee on Water, Land, Ocean Resources and Hawaiian Affairs on scheduling a tour of the Kalaeloa district in February. Mr. Dinell also noted that HCDA is still working on details to have an Authority meeting and/or field trip to Kalaeloa, in April.
- The major item for Kalaeloa was the Governor's announcement in her State of the State address of the intention to acquire the Navy brokered lands. Two bills that are part of the Administration's package were introduced. An additional House bill to implement the Kalaeloa Master Plan and buy the brokered lands using general obligation bonds was introduced. Two other bills, one in each body, to authorize the issuance of revenue bonds for the land acquisition have also been introduced. HB 1667 authorizing the issuance of revenue bonds was scheduled for hearing on February 14, 2007. Staff has been working

hard to ensure that the potential funding measure moves along so the fact that it has been scheduled is encouraging.

Mr. Dinell spent time explaining the proposal regarding the purchase of the Kalaeloa lands.

- Beginning in 2004, with the help of the community, a strategic plan with a vision, mission, guiding principles and action plan was established for Kalaeloa. From this strategic plan a Master Plan to guide Kalaeloa's future was developed and adopted. The approach is to implement comprehensive planning, install infrastructure, and set the stage for positive outcomes through four activities - Planning, Partnership, Advocacy and Stewardship.
- Kalaeloa is the largest tract of government owned, non-ceded, Land Use Commission urban designated land within the Leeward and Ewa region. It's a great opportunity for job creation, especially in the realm of innovation – for both new and existing businesses, while also addressing workforce housing needs, particularly rentals. The Leeward Coast has the highest levels of unemployment and poverty. Mr. Dinell noted that job centers today are centered around Ko Olina, Campbell Industrial Park, and with implementation of the HCDA-approved Master Plan, in the future, Kalaeloa.
- Taking the area into context, Mr. Dinell pointed out the City Administration's preferred transit route that would run along the new North-South Road, continues into Kalaeloa along a realigned Saratoga Road, before reaching Kapolei. The potential for transit-oriented development is huge. A key partnership would be for HCDA to work closely with the City.
- Mr. Dinell briefly recapped the base closure history of the Barbers Point Naval Air Station that was first announced in 1993. The 3,709 acres of land that comprised the former base, which closed in July 1999, are covered under two major conveyance categories/mechanisms – the Base Realignment and Closure (BRAC) lands and the Navy retained lands. He noted that HCDA took over responsibility for the district in 2002.
- Approximately 1,500 acres of the 2,600 acres of BRAC lands have been conveyed to the Department of Transportation, Department of Hawaiian Home Lands, National Guard and the U.S. Coast Guard. About 1,100 acres of land are pending conveyance and will either go to DHHL or the City. According to the Navy, the land has not been conveyed due to the uncertainty of the homeporting of a possible aircraft carrier strike group.

- There are 1,055 acres of Navy retained land. The Navy will retain 424 acres long-term. These lands include some environmental storage areas, areas for Navy operations, the golf course and beach cottages. Along Roosevelt Avenue, there are 132 acres of rental housing that have already been conveyed in fee simple to Ford Island Properties who subsequently sold two of the parcels and the housing on it to Carmel Partners. The remaining 499 acres of Navy retained lands are often referred to as the “brokered lands.” The concept that the Governor spoke to in her remarks is for HCDA to acquire these lands, which largely run along Roosevelt Avenue, from the Navy. Once these lands leave Navy ownership, they have Preservation 2 zoning, which is highly restrictive from a development perspective. HCDA would then put higher value zoning in place, and then use the value created from that up-zoning to address the infrastructure. HCDA would need to partner with the private sector in order to transform Kalaeloa into a model community.
- Congress mandated in the 2006 Department of Defense Authorization Bill to enter into binding agreement to convey, by sale, lease or combination thereof, the 499 acres of brokered lands to benefit the Ford Island development by September 30, 2008. Whether or not the State acquires it under this law, the lands will need to leave Navy control. Under the Ford Island Special Legislation, a land sale requires a competitive process and the proceeds or in-kind value will go to the Navy to provide improvements on Ford Island.
- Outstanding issues are:
 - Navy is waiting for the carrier strike group decision to be announced in the Spring of 2007;
 - Addressing the poor condition of utilities – the existing users are having problems with phone, electric and cable connections;
 - 1,100 acres of BRAC land have yet to be conveyed; and
 - With the 500 acres of brokered lands, the process requires:
 - Environmental screening;
 - Updated land assessment to determine fair market value;
 - Numerous Navy approvals; and
 - Negotiation of a sales agreement.
- State legislation has been introduced, but discussions remain preliminary and ongoing. Mr. Dinell stated that this provides a great opportunity to acquire these brokered lands for job creation, housing and development.

Chairperson Goshi requested that the minutes reflect that Member Mukaigawa was in attendance and asked Members whether they had any questions for the Executive Director.

Member Aila commented that this presents a unique opportunity for the area and offered his support and willingness to talk to whomever was necessary to help accomplish this mission.

Chairperson Goshi said that he also felt that it was a great opportunity for the State to solve some of the affordable housing problems.

Mr. Dinell stated that he would continue to keep Members apprised of the developments, and may enlist Members help in the cause. He appreciated Member Aila and Chairperson Goshi's offer and welcomed comments and suggestions from the public.

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 staff continues to meet monthly with the Kalaeloa Public Safety group. The Department of Transportation (DOT) has finished its assessment of Roosevelt Avenue to improve the public safety by re-stripping the crosswalks and improving the signage. DOT reported it has completed the work plans for Roosevelt Avenue, and has forwarded the plans to the DOT Maintenance Division for scheduling.

Staff led a group discussion regarding the temporary closure of non-essential roads to enhance public safety. The group has had detailed discussions on this subject, especially on the access for Honolulu Police Department and other enforcement agencies. The group has identified the end of Roosevelt Avenue as the first possible area to close off to enhance public safety. Ms. Fukuba stated that other groups would be consulted to ensure that it wouldn't inhibit emergency vehicles from accessing the area.

The group also discussed life safety improvements for the residents and the workforce. They identified three areas: (1) the S-curve along Coral Sea Road; (2) more signage/traffic calming measures; and (3) more lighting (DOT's assessment did not include street lighting). The group is trying to find out the most common paths used at night, such as the route that leads to Onelauena and to the other homeless shelters.

Staff sent out assessment letters to landowners and a few more have signed the Memorandum of Understanding (MOU). To date the Board of Water Supply, Department of Education, and Department of Hawaiian Home Lands have signed their MOUs.

The next Kalaeloa Community Network meeting will be held on Thursday, February 6, 2007. Representatives from Councilmember Todd Apo's office and Senator Mike Gabbard's office are scheduled to attend. As suggested at the January Authority meeting, Representative Kymberly Pine and Senator William Espero were invited to attend future meetings.

Staff made a presentation to the Makakilo/Kapolei/Honokai Hale Neighborhood Board on January 24, 2007, and distributed a fact sheet on the proposed plan to acquire the 499 acres in Kalaeloa.

Lastly, Ms. Fukuba mentioned that she attended a groundbreaking ceremony for the Kamokila Boulevard road extension to Roosevelt Avenue; this will enhance connectivity between Kapolei and Kalaeloa.

Member Timson asked which agencies did not return the signed MOUs yet.

Ms. Fukuba replied that landowners such as Carmel Partners.

Mr. Dinell added that the National Guard and University of Hawaii are still outstanding because they have issues. The National Guard issue is saying that the assessments don't apply to them because they are a Federal entity. HCDA is trying to resolve that with the Attorney General's Office; pointing out that it is the Hawaii State National Guard. The University of Hawaii's concern is that they are in the process of conveying back Building 36 to the U.S. Navy, so their assessment should be smaller. HCDA agrees; however, at this time the University of Hawaii still owns Building 36, when the property is conveyed, HCDA will adjust their assessment. HCDA doesn't anticipate any problems with the DOT Airports Division, another MOU recipient.

Chairperson Goshi asked whether Members had any further questions on the Kalaeloa Status Report.

Member Timson asked when would the Roosevelt Avenue improvements be completed.

Ms. Fukuba responded that the assessments and work plans were completed and sent to the DOT Maintenance Division for scheduling. She stated that she would find out the status at the next Public Safety Meeting.

Member Timson noted that there was an accident where a boy sitting on the curb got his legs run over and with heavy traffic, she felt that more signage was needed for pedestrian safety.

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

B. Kalaeloa Navy Report

Ms. Fukuba introduced Lynn Tanaka of Navy Region Hawaii.

Ms. Tanaka provided an update on the short-term leases at Kalaeloa. The short-term leasing program is aimed at putting more people into facilities and improving the appearance of the area. Currently, the Navy has a lease with a vehicle storage company. The next property to be leased would probably be the former Auto Parts Center. The incoming company will just be doing storage and no major in and out customer activity.

There is some interest in the Power Point Fitness Center and the Kona Breeze pool for the short-term leasing program. The Morale, Welfare and Recreation staff has been providing the maintenance to the pool by keeping the pumps running. The Navy is hopeful that it could work as a public/commercial entity.

There are two vacant properties near the school and the Navy is sensitive as to what they do with the area so that it doesn't conflict with the school. There is also a lot of interest in the chapel. Ms. Tanaka apologized for the delay in these leases as some of the environmental documents expired and they needed to be redone. She asked the Members whether they had any questions.

Member Timson asked whether those entities in the Navy program are paying assessments and lease rent.

Ms. Tanaka responded that the tenants actually are renting from Hunt as the Navy's broker. Most the value exchange is through in-kind services; payments are also made to the broker for electricity and other utility services.

Member Chang asked for clarification that the properties for the short-term leasing program have not been leased because the environmental reports were not conducted.

Ms. Tanaka responded the Navy has one lease with SWR. Environmental documents have expired for the other vacant spaces such as the old McDonalds and the old Exchange and Commissary. With limited funding, the Navy is currently focusing on areas that they knew there was interest in because it would cost too much money to lease other locations due to lack of utilities. When the Navy was working with the State Department of Accounting and General Services and the Governor's homeless coordinator, Kaulana Park, the cost of retrofitting the old Exchange and Commissary buildings got astronomical, so the Navy looked at the terms of cost and what could generate the fastest progress.

Chairperson Goshi asked the Members if they had any other questions for Ms. Tanaka. There were none.

C. Hawaii Public Housing Authority Status Report

Chairperson Goshi asked whether a representative from the Hawaii Public Housing Authority (HPHA) was in attendance. There was no representative.

Member Timson commented she wanted to ensure that the agency attends every meeting to address the Authority's concerns. The transportation situation is solved for the children in Kalaeloa attending school, but it is not solved for the people getting in and out of the area. She commented that the transportation issue should be the Authority's top concern because people are walking in areas that are unsafe for pedestrians. HPHA is talking about expanding and providing more homeless shelters, but they have not been able to solve the current situation. Member Timson asked staff to contact HPHA to stress that a representative be here at each meeting to address these issues.

Mr. Dinell noted that staff would follow up with the HPHA.

There being no further comments, Chairperson Goshi called for a recess at 9:53 a.m. to allow the Kalaeloa Members (Members Aila, Sokugawa, and Timson) to depart, as the remaining agenda items were Kakaako-related.

Chairperson Goshi reconvened the meeting at 9:54 a.m.

D. Update on Kakaako Makai Advisory Working Group Process

Teney Takahashi summarized the Information Item distributed to the Authority concerning this matter.

Mr. Takahashi reported that Bruce Tsuchida, President of Townscape, Inc., would provide a progress report and respond to any questions Members may have. He also mentioned that a press release regarding the solicitation for participation in the process was recently distributed. Stories have appeared in Honolulu's daily newspapers.

Mr. Tsuchida gave a brief progress report to the Members. He explained the diagram of the planning process. HCDA is currently in Phase I where the objective is to do community outreach to identify candidates for the Advisory Working Group (AWG). Townscape is identifying the many stakeholders of the Kakaako Makai Area by talking with community organizations, environmental people, landowners, tenants, businesses, professional organizations, government agencies, elected officials, educational and cultural groups. Mr. Tsuchida added that he is emphasizing that representatives of organizations should be on the AWG, rather than individuals. The AWG should represent many different kinds of organizations in order to ensure that the process has the widest and deepest form of representation.

Phase 2 has not yet begun, but Phase 2 is when the AWG convenes and actually begins the organization and planning process.

Townscape has been working on this outreach process for about two months. Their contract calls for them to meet with approximately 50 small groups and individuals. They have conducted about 25 meetings thus far, so they are about halfway through the process. Townscape has met with: Friends of Kewalo Basin Park Association, Save Our Kakaako Coalition, Hawaii Children's Discovery Center, University of Hawaii Medical School, Native Hawaiian Hospitality Association, Ala Moana/Kakaako Neighborhood Board, various legislators, Historic Hawaii Foundation, Urban Land Institute and others. For the remainder of February, Townscape will be meeting with 10 to 15 additional groups and organizations.

Townscape is tentatively planning for the first AWG meeting to be convened in late March or early April depending on the progress. The general public will be advised of that meeting as well.

The concept for the AWG meetings are for it to always be open to the general public, and there would be opportunities for people who have an interest, to voice their concerns, issues or ideas on planning for Kakaako Makai. Mr. Tsuchida noted that there would be a number of important things that the AWG would want to discuss for the first meeting.

First of all, the AWG would organize a provisional or preliminary working group. Membership would still be open to additions in the future so that that membership may not be closed or final. Townscape would facilitate that first meeting, but beyond that the AWG would select a permanent facilitator.

Part of the agenda would be for the group to discuss what other organizations should be members of the AWG, how the AWG should organize itself, and whether there should be officers. Townscape thinks the AWG would want to preliminarily discuss their roles and responsibilities and also the process for selecting their facilitator.

Mr. Tsuchida thought it would be best if Townscape was not considered for the role as facilitator. He did not want anyone on the AWG to feel that there was a conflict of interest since Townscape conducted the first phase and then be considered for the second phase.

Chairperson Goshi asked Members whether they had any questions.

Member Lai expressed his concern that the list of people that Townscape solicited did not include the developers who spent a lot of time on its proposals to develop the waterfront. He asked, for instance, whether Townscape contacted General Growth.

Mr. Tsuchida stated that Townscape has a list of 120 organizations, which includes those developers. They may just interview them on the process, but Townscape's recommendation to HCDA is that if developers are to be represented on the AWG that it should be developer organizations and not individual companies.

Member Lai understood that, but after reviewing the list he noticed that there were only a handful of developer type organizations as opposed to other organizations that had already been interviewed. He wanted to make sure that there was a balance.

Mr. Tsuchida responded that Townscape would be talking to them.

Chairperson Goshi commented that along those lines that there was a lack of representation from people who handle parks with security and maintenance being two main concerns. He requested that representation from those groups be included in the group.

Mr. Tsuchida commented that was a good idea and that Townscape would work on that.

Chairperson Goshi also suggested that young people be involved because it is for their future, and somehow that group gets overlooked.

Mr. Tsuchida noted that some of the young people who could be included are the high school students who have gone through the Urban Land Institute Urban Plan process. Since they have been preliminarily exposed to the complex variables that are involved in land development and redevelopment, they may have some interest in participating.

Chairperson Goshi commented that it is going to be a long process and it will take a lot of commitment and passion on the part of the groups involved. There will be controversy so there needs to be a commitment from the AWG otherwise a consensus can never be reached. He thought it was a good start.

Chairperson Goshi asked whether Members had any other questions or comments.

Member Bradley stated there was some confusion on the definition of Kakaako Makai as described in the legislative resolution last year, and asked how that would be addressed.

Chairperson Goshi responded that although there are some boundaries, in a planning exercise, it must go beyond the borders.

Member Bradley asked whether the AWG would be limited to a particular area.

Chairperson Goshi answered that the AWG would not be limited, which is the reason for a broad basis community outreach. Since this is an island everything touches the ocean and that is part of the concept.

Member Bradley then asked whether the Phase I process was defined and the Phase II and Phase III processes were not yet defined until more feedback is obtained. He said that it looked like, based on the exhibit, that it was defined.

Chairperson Goshi replied in the affirmative. The definition right now is not a specific solution. It's pretty much responding to circumstances as they may be currently happening. Phase II would be generally discussing vision, and program criteria so the specifics may change.

Mr. Dinell commented that people call the area Kakaako Makai. HCDA has never called the area Kakaako Makai, but have referred to it as the Makai

Area. However, HCDA decided that if the community calls it Kakaako Makai, then HCDA should also call it that. It is the same thing with the process, if the AWG wants to have a public charette, then that is good. But if they don't, then that is fine too just as long as in the end there is a consensus on the vision and guiding principles on the action plan, which are general directions on how to proceed. HCDA isn't going to dictate what will happen in Phase II rather, it will let the group evolve as long as there is consensus in the end.

Member Bradley stated that he was still hearing slightly different things. Chairperson Goshi said that the focus would be on vision and principles and Mr. Dinell talked about execution.

Chairperson Goshi commented that the Authority needs to get together to talk about the philosophy and vision. Once an agreement is reached on the basic philosophy, then the Authority can look at some of the action that the Authority wants immediately done. Then it can discuss potential solutions and an action plan. Chairperson Goshi thinks that the Authority still wants to address everyone's concerns. But the Authority needs to have a framework first. He is aware that everyone is in a hurry to get the process started, but it has been decades since something has been done and he sees no reason why the Authority should rush through it. The Authority should take its time to come out with a strong dedicated group which may take five to six public meetings, workshops, charettes, and breaking out into small groups. Chairperson Goshi thinks that the key is the vision and philosophy and then build upon that.

Mr. Tsuchida concurred with Chairperson Goshi and thought that it shouldn't start with projects, but with the overall vision first. If the Authority can agree on that then good plans follow.

Chairperson Goshi commented the Authority is trying to learn from the past and they want to do it right this time.

Chairperson Goshi asked whether anyone from the audience wished to make a statement on the subject matter.

Michelle Matson commented that she presumed the group would be subject to Sunshine Law with minutes and possible postings on the HCDA website.

Mr. Tsuchida responded that he assumed it would follow Sunshine Law.

Mr. Dinell stated he thought that the issues Ms. Matson raised would be a topic the group should discuss at their first meeting. One of the roles of HCDA is to help provide resources, and that may include posting on the website and so forth. HCDA has asked the Attorney General's Office to look into the matter of applicability of the Sunshine Law to the AWG. Based on that review, adherence to the Sunshine Law is not mandatory because the AWG is not a board or commission constituted by the Legislature. But he thought that it would be a good practice to follow the Sunshine Law. HCDA doesn't want to dictate all these things, but instead wants the group to determine its own process. Mr. Dinell thought that the main point was for the entire process be open for public participation and review.

Ms. Matson asked whether the main process falls along the lines of the Sunshine Law requirements.

Mr. Tsuchida believed it did.

Chairperson Goshi commented that the Authority's challenge would be whether they want a large broad group, and how it will be managed.

Nancy Hedlund, Member of the Ala Moana/Kakaako Neighborhood Board, commented that she was puzzled over the sequencing of the preliminary group. She asked whether the group would be convened before there was an open meeting to get the public's input on who else may be named to that group and wondered why HCDA wouldn't have an open meeting to get additional input from that type of open forum. Ms. Hedlund was under the impression that HCDA would name the group and not Townscape. But if there were a preliminary meeting with a preliminary group it would give the appearance that Townscape was actually naming people to this process and she didn't feel comfortable with that. She thought that would give it more of a formality and some properness would be needed.

Secondly, Ms. Hedlund thought that they might lose very important expertise if the group was limited to representatives of organizations only. She was thinking about native Hawaiian cultural experts, social scientists such as anthropologists who might bring different perspectives, or planners, natural scientists who may be able to speak about issues or work with the AWG on issues about the environment. So she didn't want to see a rule in place that just said that there wouldn't be an individual named to this group. A lot depends on having the right person come into the group that brings the right expertise. Ms. Hedlund would like to see that individuals were not eliminated at the outset.

Mr. Tsuchida clarified that Townscape is not responsible, authorized, or has been asked to name the group. The preliminary decisions will be based on Townscape's meetings and recommendations, but the initial list of members would be for HCDA to decide. Townscape is suggesting that the membership of the AWG remain open to other organizations and groups who may be identified in the future since it will likely be a long lived group that operates through many, many years. Mr. Tsuchida thinks that as a natural evolution, some organizations may find that they don't have the time, energy or interest to participate and will drop out and others will join.

In terms of Ms. Hedlund's second point about key individuals, Townscape is not setting the rules for the AWG so if the AWG feels that key individuals should be at the table, that would be up to them to decide.

Mr. Tsuchida also pointed out that very often those types of people that Ms. Hedlund mentioned would be seen more as resource people who would be called upon to provide expertise for a particular question or issue and not necessarily full members. But again that would be up to the group to decide. Townscape is emphasizing organizations and groups because it gives the AWG multiple constituencies in the community and makes the process much broader.

Chairperson Goshi asked whether the first meeting would be a town meeting where everyone shows up and then at that point decide whether there is anyone else that should be included and decide how to govern itself.

Mr. Tsuchida responded in the affirmative and stated that it would be an open meeting.

Chairperson Goshi clarified that HCDA is not going dictate the process. The AWG is going to make that decision themselves and how they want to run the process.

Ms. Hedlund questioned whether the group would be convened before HCDA has picked the group because that would be more of a formal group.

Chairperson Goshi responded in the negative and asked whether everyone that Townscape talked to will show up at the meeting.

Mr. Tsuchida responded that he hoped so.

Chairperson Goshi stated that everyone would attend the meeting and then at that point, Townscape would be there to facilitate the start of the structure.

Chairperson Goshi asked the members whether they had any further questions. There were none.

E. Update on Kewalo Basin Transition from Department of Transportation-Harbors Division Jurisdiction to HCDA

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

Mr. Kuitunen reported that the last status report was given at the September 2006 meeting and wanted to update the Members with the progress made thus far.

Mr. Kuitunen explained that Act 86 (SLH 1990) transferred ownership of Kewalo Basin to HCDA. However, DOT has continued to manage Kewalo Basin. Last year when the Request for Proposals (RFP) for the Kakaako Waterfront development was in effect, the idea was that the winning bidder would also manage Kewalo Basin. At that time DOT-Harbors stated that they would relinquish their jurisdiction. The RFP was subsequently cancelled, but DOT-Harbors still stated that it would relinquish jurisdiction of Kewalo Basin effective June 30, 2007. Thus, HCDA has sped forward to take over the management of Kewalo Basin. HCDA issued an RFP for a manager with the bids due on February 27, 2007.

In December 2006, the transition and operating plan was distributed to the Members. Staff continues to work with the Task Force members composed of users of Kewalo Basin. The Task Force has been instrumental in helping put together the operating and transition plan, as well as working on the Administrative Rules and anticipating issues as the transition moves forward.

The plan is to have a property manager handle the daily operations of Kewalo Basin since HCDA cannot do any development until the Kakaako Makai Advisory Working Group comes up with a plan for the area. Most harbors do not operate for profit, it is the ancillary land that helps pay expenses.

The Governor approved a public hearing for the Kewalo Basin Administrative Rules, which will be held on March 7, 2007.

Staff sent a notice to the Kewalo Basin tenants to discuss with them prior to the public hearing the Administrative Rules and to answer any questions they may have. That meeting has been scheduled for Tuesday, February 13, 2007.

An announcement has been published in newspapers of record statewide about the public hearing.

The Biennium Budget includes a request for \$5.53 million for the replacement of Piers B, C and the Herringbone. Staff is currently seeking to submit a Governor's message to increase the scope of the authority for expending that money for other problems that may be more pressing. Staff is also negotiating with a consultant to do a study of the piers to confirm whether they have to be replaced or can be repaired and the estimated cost for that.

Staff hopes to have the harbor manager in place by May 1, 2007, to give a two-month transition period between when the harbor manager comes on board and when the DOT-Harbors relinquishes its jurisdiction. Assuming the Biennium Budget is approved, once staff has the consultant's report, staff will ask the Authority for permission to hire a consultant to draw up the plans for the improvements for the harbor.

Mr. Kuitunen briefly described some of the ideas and concerns HCDA received from the users, particularly the Task Force. A matrix summarizing the concerns was attached to the Information Item. One of the main concerns was the rate increase. In formulating the rules, the Task Force noted that DOT-Harbors did not increase their rates since the 1980's, and an increase is long overdue. They did not have a problem with the rate increase provided that the harbor is improved.

The commercial fishermen have heard rumors that the proposed rules are intended to displace them and on the other side, the charter boat operators and tour boat operators have complained that the commercial fishermen receive a preferred rate under the DOT rules. HCDA's proposed rules continue with the preferred rate for the commercial fishermen.

The rules also contemplate increasing the number of users and the types of users, specifically allowing pleasure crafts. All of the members of the Task Force who worked on the rules, realized that diversity is needed to make Kewalo Basin work for everyone. For example, if the fishermen and tour boat operators were evicted and everything was converted into charter, 60 percent of them would go out of business.

Tenants have heard rumors that the loading dock fronting Fisherman's Wharf would be closed. Staff assured the tenants that there are no plans to close the loading dock.

The proposed rules would provide a daily rate so that boats from other piers can come in to utilize Fisherman's Wharf.

Staff has heard comments that additional areas need repairs. Through the Governor's message HCDA will be asking for an increase in scope so that the Authority will have the ability to spread the \$5.53 million to other projects beyond what are currently identified in the Biennium Budget.

Chairperson Goshi asked Members whether there were any questions.

Mr. Dinell added that the \$5.53 million is slated as reimbursable general obligation bonds, which means HCDA has to service the debt. He commended Mr. Kuitunen and the Asset Management team for treating the harbor as a business enterprise. Currently, no revenues are being generated for the condemned piers so they are looking at how to increase revenues as well as how to improve services and amenities for the users.

Chairperson Goshi asked whether anyone from the audience wanted to make a comment.

Brian Shimokawa asked where the meeting on February 13, 2007, was going to be held.

Mr. Kuitunen responded that the meeting would be held at the Fisherman's Wharf, but that the meeting was for the users of the harbor. The public hearing would be held on March 7, 2007. He noted that the proposed rules are available on HCDA's website.

There were no further comments.

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

2. Recommend Approval to Cancel Improvement District 11, Queen Street Improvements – Kamakee Street to Ward Avenue

Steve Miyamoto summarized the Action Item distributed to the Authority and presented the staff's recommendation.

Mr. Miyamoto stated that at the January 10, 2007 meeting, the Authority directed staff to seek public input on whether to proceed with the Improvement District 11 (ID-11) project. To accomplish this, staff conducted

a public informational meeting on January 24, 2007, at the Kewalo Room in the Ward Warehouse.

A survey form was also prepared, which listed the two alternatives for ID-11 that were presented to the Authority at the January 2007 meeting. The two alternatives were either to cancel the entire project or to construct the project in two phases. The survey recipients were asked to select one alternative or to write in their own suggestions. Completed surveys could be dropped off at the informational meeting or mailed directly back to HCDA.

Mr. Miyamoto noted that no matter what alternative was preferred, staff had been advised by the Deputy Attorney General to terminate or cancel the construction contract with Kiewit Pacific Company because of the significant increase in the scope of work and the construction cost of ID-11. Even if the preferred alternative had been to proceed with the entire project or to proceed in phases, the construction contract would still have to be re-bid as a new project.

The survey forms and meeting notices were mailed to all the assessed landowners in ID-11 as well as their lessees of record, and to the properties on Queen Street from Ward Avenue to Cooke Street.

Meeting information was also posted on HCDA's website, published in the Honolulu Advertiser and mailed to other interested parties.

The informational meeting was conducted in an open house format, where people could come and go at their convenience between the hours of 2:00 p.m. and 6:00 p.m. and talk with staff on a one-on-one basis.

In addition to ID-11, staff provided information relating to the proposed Mauka Area Plan and Rule amendments; the overall improvement district program; and the small lot development study.

Of the estimated 99 survey forms that were distributed, 21 completed surveys were returned to HCDA. Of the 21, 16 favored the cancellation of the ID-11 project.

The preference was expressed by most of the people who attended the open house. Staff also informed the Ala Moana/Kakaako Neighborhood Board of the status of ID-11 at the Board's January 23, 2007 meeting. Although the Board has not taken a position on ID-11, it continues to support the installation of traffic signals at the Kamakee and Queen Street intersection.

Based on the input received at the meeting and the survey and the estimated construction cost increase, staff recommended that the Authority cancel the ID-11 project and proceed with rescinding the rule amendments to Chapter 20, Title 15 of the Hawaii Administrative Rules that established ID-11.

Chairperson Goshi asked for a motion to adopt staff's recommendation.

Member Lai moved to approve staff's recommendation to cancel Improvement District 11, Queen Street Improvements – Kamakee Street to Ward Avenue. Member Piper seconded the motion. Discussion followed.

Member Piper recalled having heard a discussion about safety in the area and asked whether those concerns have been alleviated.

Chairperson Goshi responded in the negative, and stated that it still existed.

Member Piper expressed his concern about safety in the area since the issue has not been addressed.

Chairperson Goshi responded that he thought the entire area had safety concerns. With regards to the improvements, he stated that the Authority's commitment is still there. HCDA is going to continue making improvements; however, HCDA needs to change how it goes about making those improvements. HCDA will need to spend more time with the community and be more innovative in its approach.

Chairperson Goshi asked whether anyone from the audience wished to make any statement.

Dexter Okada, a landowner on Queen Street, commented that he supported the staff's recommendation and thought that the same process could be applied from Kakaako Makai to the Kakaako Mauka area, where there would be an Advisory Committee of the community. The surrounding communities would be involved in the planning and come up with a plan that everyone could buy into and as Member Kimura would say, "come out with a win/win situation."

Chairperson Goshi asked whether Members had any questions.

Member Chun commented the Authority might want to prioritize what the alternative may be. He asked if the project was canceled, would the Authority lose the bid made to the contractor and lose the money that the State allocated for the project.

Mr. Dinell responded in the affirmative.

Member Chun then asked whether the Authority were to do the project in phases (Alternative #2), would the Authority still lose the State allocated money.

Mr. Dinell responded in the affirmative and stated that HCDA's Deputy Attorney General advised the Authority to cancel the contract. Once HCDA cancels the contract, the funds would automatically lapse and the general obligation bond funds would be returned to the State Treasury. Thus, even if HCDA wanted to do the project in phases, staff would still have to go back to the Legislature to get the resources to do the project in phases.

Member Chun questioned if the Authority decided to keep the project and do the project in phases, would the majority of the monies come out of HCDA's budget.

Mr. Dinell replied in the affirmative, and stated that there wouldn't be sufficient funds to do the project as designed. One possibility is for HCDA to lapse the funds and the Legislature to re-appropriate the authorization. However, the Attorney General's Office advised that regardless of what choice the Authority makes, HCDA should cancel the construction contract and that process would lapse the general obligation bonds.

Chairperson Goshi commented that it is vital to talk to the stakeholders, because everybody has different resources and timing. HCDA needs to get the support from the stakeholders, and then obtain the funding. The big change from past improvement districts are the assessments. In the past, large landowners wanted the improvements and they had the resources. However, in the ID-11 area, there are small lot owners and they can't afford the assessments.

Member Mukaigawa stated that it has been a while since she walked in that area, but recalled the large potholes. She wanted to know whether the conditions have gotten worse and whether there were any other pressing safety issues that HCDA could see as major issues.

Mr. Dinell replied that anywhere in the City, there is a potential for injury whether it's pedestrian or vehicular. He stated that pedestrian safety is actually a large concern because with that section of Queen Street, there is no protection for pedestrians. There is a little sidewalk near Kamakee Street, but the majority of the street has no sidewalks. There is an obligation on the part

of government entities to provide for public safety, so HCDA will work with the City to repave the street.

Member Mukaigawa commented that she wanted to be sure that there were no other concerns that were pressing that the Authority might be ignoring at this time except for the potholes and lack of sidewalks for pedestrians.

Mr. Dinell noted that there may be business owners on Waimanu, Ilaniwai or Kawaiahao Streets who want these improvements and the potential for higher density under the concepts discussed as part of the Mauka Plan.

Member Piper commented that the character of the area has changed. There is a lot more pedestrian traffic because of all the activity that is going on in the area. He understands the reality that the Authority faces, but feels that the improvements are something the Authority cannot afford to put off and that it should happen sooner rather than later.

Chairperson Goshi commented the Authority is committed to safety, but needs to get the support of the community for the improvement districts.

Chairperson Goshi reminded Members that there was a motion on the table to adopt staff's recommendation to cancel Improvement District 11, Queen Street Improvements – Kamakee Street to Ward Avenue and called for a vote. The motion was unanimously approved 8 to 0, excluding Kalaeloa Members.

3. Recommend Approval to Authorize Executive Director to Engage in a Professional Services Selection Process to Identify a Consultant that Offers the Best Value to the State to Prepare a Supplemental Environmental Impact Statement for the Kakaako Community Development District Mauka Area Plan and Rules

Susan Tamura summarized the Action Item distributed to the Authority and presented the staff's recommendation.

Ms. Tamura reported that staff, along with project consultants PlanPacific, is currently in the process of amending the Mauka Area Plan and Rules. The Concept Plan, which is the basis for the amendments, was presented to the Authority in October 2006. The Concept Plan provides development options for large and small lot development, provisions for open space, Mauka-Makai views, an outstanding pedestrian environment and urban form, parks, and a multi-modal street system that offers a variety of mobility choices based on a grid street system. This Concept Plan has been presented to the public in

meetings held in November and December 2006. PlanPacific Inc. is currently refining the Concept Plan to address issues raised through the public and stakeholder review process.

The Environmental Quality Commission's Declaratory Ruling No. 80-01 issued in May 1980 determined that an Environmental Impact Statement (EIS) must be submitted for the Kakaako Development Plan. The Declaratory Ruling also stipulated that a Supplemental Environmental Impact Statement (SEIS) should be submitted for substantial amendments to the plan.

HCDA's Deputy Attorney General has advised staff that a SEIS is necessary for the proposed amendments because the amendments represent a significant change from the assumptions assessed in the Final EIS prepared in 1982.

The proposed SEIS scope of work will include: (1) the preparation of an SEIS that will assess the proposed amendments to the Mauka Area Plan and Rules in accordance with Chapter 343, Hawaii Revised Statutes; (2) a transportation study to assess the proposed transportation plan; and (3) an infrastructure master plan to ensure infrastructure capacity to all development lots based on the revised street plan and densities.

The contract amount has not yet been determined, so staff is proposing a two-step approval process. The initial request would be to allow the Executive Director to proceed in a selection process that would identify the cost and consultant based on the scope of work. Once a fair contract amount has been determined, staff would follow up with a subsequent request to the Authority at the March Authority meeting for the expenditure of funds.

Staff recommends approval to authorize the Executive Director to engage in a professional services selection process to identify a consultant that offers the best value to the State to prepare a Supplemental Environmental Impact Statement for the Kakaako Community Development District Mauka Area Plan and Rules.

Chairperson Goshi asked for a motion to adopt staff's recommendation. Member Manayan moved to approve staff's recommendation. Member Mukaigawa seconded the motion. Chairperson Goshi asked Members whether they had any questions. There were none.

Chairperson Goshi asked whether there was anyone from the audience that wished to make a statement. There were none. There being no further discussion. Chairperson Goshi called for a vote. The motion was unanimously approved 8 to 0, excluding Kalaeloa Members.

4. Recommend Approval to Authorize the Executive Director to Consent to the Addition of One Transmitter to the Radio Tower by Salem Media of Hawaii, Inc. and Adjust Rent

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

Mr. Kuitunen referred to Exhibit A to describe the location site of the Radio Tower. He explained that the site was originally put under lease in 1980 under a 55-year lease. At that time it had four different tenants. Last year, the lease came up for renegotiation and through the appraisal method the rent was determined to be \$82,500 per annum. The total site is 3,600 square feet and includes two smaller buildings besides the radio tower.

In September 2006, Salem Media of Hawaii (Salem) asked the Authority to consent to their acquisition of the two-thirds interest held by Hochman-McCann. At the September 2006 Authority meeting, the Authority approved the transfer, which consolidated two tenants into one. At that time, Salem indicated that they might seek to place an additional transmitter for their AM radio station, KHNR. The lease allows up to four transmitters; besides KHNR, they also have KGU, KHZM and KZOO.

Mr. Kuitunen noted that the lease requires the lessor's consent for any capital improvements. It is the position of the lessee that because the transmitter is readily removable and there is no permanent attachment to the land, that HCDA's consent is not required. However, staff felt otherwise and in discussing the issue with Salem noted that the appraisal conducted last year opined that the value was based on the number of transmitters. Each of the three transmitters was valued at \$27,500 per year. HCDA advised the lessee of that and Salem has agreed to an increase of rental rate of \$27,500 for the additional transmitter.

At the September 2006 Authority meeting, Members questioned staff about HCDA's rights of cancellation of the lease. HCDA does not have rights of cancellation, but has rights of condemnation.

In a request for capital improvements, the lease specifically provides that HCDA does has the right to increase the rent, unfortunately the lease does not provide that any such consent is within HCDA's sole discretion. It is staff's position that the Authority has to be reasonable in regard to Salem's request.

Members also questioned whether the radio tower fit into the plan and future usage of the Makai Area. Mr. Kuitunen noted that someone commented at that September meeting that the radio tower probably did not fit into any future usage, but it was not worth the time and money to relocate the tower at this time with no future immediate plans for the property.

Staff recommended authorizing the Executive Director to consent to the addition of the one transmitter to the radio tower by Salem Media of Hawaii and to increase the rent by \$27,500 per annum prorated as of the time the transmitter is installed.

Chairperson Goshi asked for a motion to adopt staff's recommendation. Member Lai moved to approve staff's recommendation. Member Bradley seconded the motion. Discussion followed.

Member Manayan asked whether the radio station submitted any engineering studies because in radio technology anytime a transmitter is added onto a tower an engineering study must be conducted. He expressed his concern that by adding an additional transmitter it could impact the exposure of electromagnetic radiation to people in the immediate area.

Mr. Kuitunen responded that Salem did not submit any studies to HCDA. He stated that one of the main concerns the original tenants had with placing four transmitters together was the interference they had with each other. Salem indicated that with new technology the interference problem was resolved. The plans that Salem submitted to HCDA shows that all improvements are within the buildings themselves so they are not contemplating putting any additional rods into the ground.

Member Manayan expressed his concern for public safety and asked whether Salem provided any impact statement on what that additional transmitter would do if added to the tower.

Mr. Kuitunen replied that Salem did not and added that he could ask them to provide that information.

Member Manayan recalled five or ten years ago along the Ala Wai there was a transmitter and residents and businesses that lived and worked in the area were exposed to the radiation that the radio waves provided coming off the tower. He thought that with four radio stations, it might increase exposure to people who worked or frequented the area.

Mr. Dinell suggested that the Authority could defer the action if Members were uncomfortable in proceeding without the information.

Member Piper echoed Member Manayan's concern. From the standpoint of the Authority, HCDA should look at the lease further. He asked if the Authority was faced with relocating the tower in the future by allowing the additional transmitter what would be the additional cost of relocation.

Mr. Kuitunen replied that based on the representation of the tenant, the transmitters are readily removable and are not considered a permanent fixture. Staff doesn't anticipate that to be a significant factor in the relocation cost.

Member Mukaigawa asked whether the additional \$27,500 brought the total up to \$82,000 and whether it would follow in the next 20 years.

Mr. Kuitunen responded that he believes the total would be \$110,000 and in another 8 or 9 years the lease would be up for renegotiation.

Mr. Dinell asked Chairperson Goshi whether he wanted to defer action on the item.

Deputy Attorney General Melvin Nishimoto clarified if the Authority wanted to defer the Action Item, the Members who made the initial motion would have to retract their motions.

Members Lai and Bradley retracted their motion to approve staff's recommendation. Chairperson Goshi stated that the Action Item would be deferred to the March 7, 2007 meeting.

Mr. Dinell restated that the Authority wanted staff to check on any engineering studies on the radiation fields and then bring that information back to the next meeting.

VI. ADJOURNMENT

There being no further business, it was moved by Member Mukaigawa and seconded by Member Piper to adjourn the meeting at 10:56 a.m. The motion passed 8 to 0, excluding the Kalaeloa Members.

Respectfully submitted,

/s/

Jonathan Lai
Secretary