

SUMMARY - MEETING NO. 313
HAWAII COMMUNITY DEVELOPMENT AUTHORITY
State of Hawaii

AMENDED

January 10, 2007 – 9:00 a.m.

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

ATTENDANCE

Members Present: Amanda Chang; Grady Chun; Paul Kimura; Jonathan Lai; Glenn Okimoto (for Barry Fukunaga, DOT); Robert Piper (for Georgina Kawamura, B&F); and Russ Saito (DAGS).

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

Members Absent: C. Scott Bradley; Michael Goshi; Theodore Liu; and Kay Mukaigawa.

Others Present: Daniel Dinell; Melvin Nishimoto (Deputy AG); Matthew Akamu; Pearlyn Fukuba; Neal Imada; Arnold Imaoka; Richard Kuitunen; Cal Machida; Rick Manayan (DBEDT); Steve Miyamoto; Deepak Neupane; Teney Takahashi; 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 January 10, 2007, by Vice Chairperson Paul Kimura at 9:03 a.m. with the following roll call:

Vice Chairperson Kimura	Present
Member Chang	Present
Member Chun	Present
Member Lai	Present
Member Okimoto	Present
Member Piper	Present

Member Saito	Present
Member Aila	Present, left at 9:45 a.m.
Member Chinn	Present, left at 9:45 a.m.
Member Eng	Present, left at 9:45 a.m.
Member Souza	Present, left at 9:45 a.m.
Member Timson	Present, left at 9:45 a.m.

MATERIALS DISTRIBUTED

1. Agenda for January 10, 2007 Meeting;
2. Summary Minutes of Authority Meeting of December 6, 2006;
3. Summary of Public Hearing on December 6, 2006;
4. Report of the Executive Director;
5. Kalaeloa Status Report;
6. Information Item: Update on the Phase I Process to Organize an Advisory Working Group to Advise on Land Uses for the 36½-Acre Waterfront Project in the Kakaako Makai Area;
7. Information Item: Improvement District 11, Queen Street Improvements: Summary of Cost Analysis;
8. Information Item: Update on Consultant Selection to Provide Consulting Services to Review, Revise, and Update the Mauka Area Reserved Housing Program;
9. Action Item: Recommend Approval of Proposed Modification of View Corridor Setbacks for the Keola Lai Project by A&B Kakaako LLC (M 2-06); and
10. Action Item: Approval to Authorize the Executive Director to Extend the Agreement to Exclusively Negotiate with the Office of Hawaiian Affairs for Lot 1 of the Kakaako Makai Area for the Development of its Headquarters and a Hawaiian Cultural Center.

Vice Chairperson Kimura announced that Chairperson Goshi was out of town; therefore, he would be conducting the meeting. Vice Chairperson Kimura introduced Robert Piper, the new Deputy Director for the Department of Budget and Finance, replacing Stanley Shiraki, as the designee for Director Georgina Kawamura, and Harbors Administrator Glenn Okimoto, representing the Department of Transportation.

II. APPROVAL OF MINUTES

1. Minutes and Summary

Vice Chairperson Kimura asked whether there were any corrections to the minutes of the regular meeting of December 6, 2006, and the summary of the public hearing of December 6, 2006. There were none. It was moved by Member Eng and seconded by Member Timson to approve the minutes as written. The motion passed 12 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 staff is continuing with the Mauka Area Plan and Rules review and amendment process. A community meeting was held on December 12, 2006, at McKinley High School. A summary of comments raised at the meeting is posted on HCDA's website. Staff is continuing the public and stakeholder input process.
- The Authority's Small Business Task Force met twice in December to discuss various development issues with small lots in the central Kakaako area.
- HCDA received a letter on January 5, 2007, after the Authority materials were disseminated with a request 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 until March 2007. This request impacts the Office of Hawaiian Affairs Action Item to be discussed later in the agenda. Mr. Dinell noted that Brian Johnson from the HPHA is in attendance and questions can be posed during his Information Item.
- The 2007 Legislative Session opens on January 17, 2007. Mr. Dinell provided a brief listing of requests that would be submitted.
 - Act 317, SLH 2006, prohibits the sale of fee simple lands with certain exceptions. This legislation does not allow HCDA to have the ability to resell units it buys back to curb speculation. In order to preserve housing affordability, a bill to add this as one of the exceptions is proposed.

- Increase of expenditure ceiling by \$50,000 for the Kakaako Revolving Fund. Currently, the ceiling is set at \$450,000 and pays for all administrative expenditures, which includes rent, services of the Attorney General's Office, consultants and repair and maintenance not covered under an Authority Action Item. The rationale for the increase, which has no impact on the State budget, is due to anticipated increase in activities after July 1, 2007, when Kewalo Basin is turned over to HCDA, as well as anticipated office expenditure increases and inflation adjustment.
- A \$1.8 million General Obligation (GO) Bond is being requested for the Kakaako drainage improvements to fix the open channel and box drain culvert which receives storm water effluent from municipal and private drain systems within and outside of the Kakaako District. The repairs are necessary to ensure the structural integrity and proper operation of the system.
- A total of \$5.53 million in Reimbursable GO Bonds is included in the Administration's budget for improvements for Kewalo Basin. HCDA will assume responsibility for Kewalo Basin on July 1, 2007, when the Department of Transportation (DOT) – Harbors relinquishes jurisdiction and management. The Basin currently has deferred maintenance of its infrastructure including a condemned pier. With a shortage of berthing space and the condition of the remaining piers posing a health and safety concern it is imperative that the piers and infrastructure of this small commercial harbor be maintained.
- Relative to Kalaeloa, a request for \$116,140 is being made to increase its revolving fund expenditure ceiling from the current \$83,000. Revolving funds come from assessments of various landowners. With the Governor's recent approval of the Kalaeloa Master Plan, activities and program demands are expected to increase for the district.
- Included in the Administration's budget is \$1.1 million in GO Bonds for Life Safety Improvements in Kalaeloa. The rationale for this is clear since the condition of infrastructure in Kalaeloa is dire. Since opening to the public, roadways, parks, beach areas, and other publicly accessible areas have fallen into disrepair resulting in illegal activities, vandalism, arson, and motor vehicle accidents. The request for City bus service has been rejected due to the lack of American with Disabilities Act accessible sidewalks and lighting at night is extremely

poor. It is hopeful that this will set a course to address the most serious concerns.

- Also included in the budget is a General Fund request of \$310,684 largely for the salaries of four staff members not covered by the project funding appropriation for Kakaako staff (\$1,746,625 GO Bonds).
 - HCDA is proposing to eliminate the \$2,500,000 expenditure ceiling to service improvement district revenue bond debt as the bonds in question were paid off as of January 1, 2006; therefore, the appropriation to service debt is no longer needed.
 - Mr. Dinell will be meeting with Legislators on HCDA's proposals and to provide general information and background on HCDA initiatives and the budget requests. He is also discussing a possible tour of Kalaeloa with the House Water, Land, Ocean Resources and Hawaiian Affairs Committee during the mandatory 5-day recess.
- The next Authority Meeting will be held on February 7, 2007.
 - At the suggestion of Member Timson at the last Authority meeting, staff is looking at having the April Authority meeting in Kalaeloa. The meeting will focus on the district rules and a site visit will also be included. The recruitment for Kalaeloa Director of Planning and Development continues with a great pool of candidates.

Vice Chairperson Kimura asked whether Members had any questions for the Executive Director.

Member Timson stated that since it has been several months since Kalaeloa Director Stanton Enomoto left, she expressed that staff should expedite the hiring of his position.

Mr. Dinell responded that it was noted and asked Members to contact him if they had any concerns.

V. 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. Since it was started in May 2006, the group has been making good progress. Eight agencies attended the last meeting including the Honolulu Police Department (HPD), Navy Security and Regional Engineers Office, National Guard, Department of Transportation (DOT), U.S. Coast Guard, HPHA, and HCDA staff. Navy Security reported that Building 77 was being broken into again because there is a rumor in the community that the building is haunted, and the kids are curious. The Navy recently spent quite a bit of money to secure Building 77. They cut the foliage, removed abandoned debris and boarded the first floor windows/doors. Navy Security requested that more signage be stenciled onto the building so when they catch trespassers they can issue citations.

Several more Kalaeloa buildings have been the targets of copper thefts. The break-ins occurred at the National Guard facility, the former McDonalds building and the bowling alley. The U.S. Attorney's Office in cooperation with HPD Kapolei will be hosting a joint meeting of area enforcement agencies to address the rising amount of copper theft incidents.

Staff continues to work with DOT and it is an active partner in getting roadway improvements done for Kalaeloa. The assessment of Roosevelt Avenue has been completed and DOT staff is working on the work plans. Once the work plans are completed, they will be sent to the DOT district maintenance office to establish a work schedule. It is hoped that work will begin soon on the intersection of Roosevelt and Enterprise Avenues, where there is quite a bit of traffic. Road improvements include signage and re-stripping.

The National Guard is moving more units from its Diamond Head facility into its Kalaeloa facility. With more people moving into the area, the road improvements become even more critical.

The Kalaeloa Community Network group continues to meet on a monthly basis. Since the first meeting in November, the group has met on December 7, 2006, and January 4, 2007. Stakeholders, landowners, and tenants

participate in this group and include five agencies that also participate in the Public Safety group.

One of the important things that this group continues to work on is the reduction of hours at the Post Office. The members are concerned about the hardships that this has produced. The group talked to the Postmaster who said that the reason for the reduced hours was based on complaints from Makakilo residents who have to drive down to Kalaeloa. The group is thinking of a creative solution such as having a large package receptacle where people can retrieve their packages when the key is placed in their post office box. This alleviates the need to be there between the hours of 8:00 a.m. and noon, Monday through Friday, when the post office staff are present.

The stakeholders in the Community Network group were very interested in working with the district's elected officials. State Senator Mike Gabbard and Representative Sharon Har were invited to attend the January meeting and both attended. They were very supportive of the group's initiatives and shared their top priorities for community improvements. The three areas of concern were transportation, education and crime. It is a good interface with the group since they are also interested in the same things. Both officials have asked to be kept abreast of issues, and they would like to either attend or send a representative to future meetings. The group has also invited Councilmember Todd Apo and Congresswoman Mazie Hirono to participate in future meetings.

The Kalaeloa Community Network group decided that it would like to do a joint community service to work together to beautify and improve Kalaeloa. Thus, the first community project will be to work on the front entrance, at the intersection of Roosevelt and Enterprise Avenues. The group would like to put in signage, a community bulletin board, landscaping and also recruit volunteers for on-going maintenance.

At the last meeting, there were questions from the Members regarding the Kalaeloa homeless shelters. Ms. Fukuba reported that Brian Johnson from HPHA would provide a status update following her report. However, she did want to mention that she met with Kanani Bulawan, Executive Director of the Waianae Community Outreach, the agency operating the shelter, and toured the facility.

Ms. Fukuba reported that she was impressed with the facility and found that although house rules are strict, the staff is very supportive of residents. During her visit, a busload of children was dropped off from school and was greeted by their parents who were waiting in a nearby tent. That was a nice

homecoming and it was nice to see that there is stability in the children's lives. Ms. Bulawan wanted to extend her appreciation to the Authority Members for their willingness to help resolve some of their needs and to help the families on their road to becoming self-sufficient.

Ms. Fukuba reported that Lynn Tanaka from the Navy was in Washington, DC; thus, could not be here. Ms. Fukuba relayed her report that the Navy is continuing to work on getting occupants for the Powerpoint Fitness Center and the Kona Breeze swimming pool. The Navy is in discussion with Barbers Point Aquatics, an organization currently recognized by the Navy to provide swim team activities. Colliers Monroe and Friedlander is also looking into finding an organization that can lease the fitness center.

Kalaeloa staff noticed that during monthly tests that the Civil Defense warning sirens are not heard in the vicinity of the HCDA field office. The majority of the Kalaeloa Community Network members also supported this finding. A meeting was held with the City and State Civil Defense agencies. They reported that there are currently two sirens, one at the Coast Guard facility and the other at the corner of Coral Sea and Tripoli. The Barbers Point Elementary School has a temporary siren that is relayed via radio signal and connected to the school's public address system. However, this system is temporary because there are no replacement parts available. It was discussed at the meeting to have more sirens placed in the downtown area where there is a concentration of businesses and residents as well as the community parks. Civil Defense had a concern about the nearby airport and whether there would be any FAA regulations, but the airport superintendent said that there wouldn't be any issues. Staff is moving forward with both City and State Civil Defense agencies and it seemed hopeful that more sirens could be placed in the area.

According to the Hawaii Revised Statutes, HCDA is allowed to assess landowners for operating expenses for Kalaeloa. Memorandum of Understandings (MOU) and letters were sent to landowners on December 8, 2006, to notify them of their assessments. The Department of Education was the first out of nine to sign and return their MOU.

Ms. Fukuba asked whether there were any questions.

Member Timson thanked Ms. Fukuba for coming so far with the Public Safety meeting. At the first meeting, there were only two agencies. Member Timson acknowledged that every so often rumors about Building 77 being haunted resurfaces. She noted that it is an on-going problem, and is not sure whether anything can be done.

Member Timson suggested also extending invitations to State Senator Will Espero and Representative Kymberly Pine to the Kalaeloa Community Network group meetings.

Member Timson was glad to hear that transportation for the homeless shelter is being taken care of. She heard that they are planning to acquire more transportation; however, she wanted staff to follow up to make sure that it gets done. A few of her friends called her to complain about the homeless population on White Plains Beach because they had permits to use the beach, but there were homeless people already there. There were also a couple of people who were smoking marijuana. So it is not necessarily people that want help that are living there. There are people living there that just want to live their own way who are violating the law and they shouldn't be there.

Member Timson thought that the Civil Defense warning system could also be incorporated with the Campbell Industrial Park system. Campbell Industrial Park has a good communication system that has a special group that handles emergencies, and she suggested that maybe they could add Kalaeloa to their list.

Member Souza reiterated Member Timson's appreciation to Ms. Fukuba for handling things in Kalaeloa on her own. Member Souza visited the Onelauena shelter and was also impressed with what she saw. The only thing that bothered her was that the shower had no privacy. There are group showers for each gender for the entire floor. Although, the residents have devised an informal system that if someone is in there, people will wait, Member Souza found it to be deplorable. She asked if there was some way of installing stall dividers.

The children seemed well adjusted and happy to be at the shelter. Member Souza found that there was no problem with transportation except for those that chose to go to Nanakuli or Waianae High Schools. When she inquired about transportation for these students, she was told that the shelter was purchasing a second-hand bus.

Member Souza noted that as you got to the higher floors of the building, there were fewer tiles on the floors. The flooring was just painted brown. Ms. Bulawan requested to have someone finish up the tiling.

Besides those items mentioned, Member Souza noted that the residents are most appreciative and happy that they are not living in the elements any longer, and that the children are well taken care of.

B. Hawaii Public Housing Authority Status Report

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

Mr. Johnson reported that he spoke to Kaulana Park with the Homeless Efforts Achieving Results Together (HEART) team about the unsheltered homeless on the beaches. Mr. Park has been working with the City and HPD on a plan to transition the families that want to move off the beaches and into the shelters. Once there are more shelters on line, they can do that. HPD is trying to come up with a plan to remove the remaining people especially the drug users from the beach. Mr. Johnson talked to staff from Waianae Community Outreach and they are still doing outreach once a week on the beach. The Waianae Community Outreach staff reported that there are about 15 families near the Coast Guard facility and they think some of them moved there from White Plains Beach. Ms. Bulawan will go there next week and get in contact with them. Mr. Johnson stated that Ms. Bulawan told him that she has provided those living on the beach the opportunity to move into the shelter and provided them the forms to fill out, but they have not followed through. She will revisit them and encourage them to move to the shelter.

HPHA has a plan to do repair and maintenance to fix up all the State owned shelters, so they will see what can be done about the showers and the flooring issue raised by Member Souza.

A community meeting was held for the Kakaako Next Step Shelter. Incidents at the John A. Burns School of Medicine (JABSOM) are decreasing with only one or two incidents out of a two-week period. Since closing off the gate, nobody is passing through the Makai side of the JABSOM property any longer and there is no destruction to the sprinkler system, which was a previous problem.

Since HPHA's funding cycle for the homeless shelters starts on August 1 and the contract for the Next Step Shelter is till the end of March, they would like to do a supplemental agreement to carry over to the start of their regular funding cycle, August 1. Their contract cycle is usually one year; thus, they are requesting to obtain the lease of the property from August 1, 2007, to August 1, 2008.

Mr. Johnson asked whether there were any questions.

Member Souza thanked Mr. Johnson for the agency's efforts in Kalaeloa. She asked whether the cable for high-speed Internet capabilities would be accommodated. Ms. Bulawan wanted to be able to have her computer on site to file her reports.

Mr. Johnson replied that there is a problem with the conduit for the cable to go through. Previously they were piggybacking with the Navy's system and then the Navy said that they couldn't use it anymore. So a new network needs to be created and they have been working on that since the shelter opened.

Member Souza asked whether they could negotiate with the Hawaii National Guard since they are adjacent to their facility and they should have high-speed Internet computer access.

Mr. Johnson replied in the affirmative.

Member Souza stated that the maintenance person wanted a large shipping container so that they could get some of the donated furniture out of the common community room and placed in the container. She asked whether Mr. Johnson looked into that. Member Souza noted that there is a tenant in Kalaeloa that has a yard full of containers.

Mr. Johnson requested to get the information from Member Souza.

Member Eng commented that the improvements that Member Souza mentioned were modest and wondered whether the military might be persuaded to take it on as a community service project by donating manpower, equipment and supplies. He thought a lot of goodwill would come out of it.

Member Timson commented that since it seemed like Waianae Community Outreach had a handle on who the homeless population was out in Kalaeloa, they should separate the families that want help from those that don't. For those that don't want help, they should be reported right away and moved off the beach. Member Timson thought that the families that moved from the White Plains Beach to the Navy side did so because there was trouble out there. Those that are violating the law should be removed from the beach area.

Mr. Johnson replied that the City and HPD are putting together a plan to correct this problem.

Member Timson expressed that the City should follow through and move on it. She asked that the Public Safety Group continue to pursue the issue. The

homeless population is going to increase and she wants to make sure that all the problems will be resolved before the program is expanded so that it is a healthy environment for everybody in the community. Member Timson also wanted staff to continue investigating the possibility of obtaining security at night for the welfare and safety of the community.

Mr. Dinell asked Mr. Johnson what was HPHA's budget for Kalaeloa, what kind of funding they currently have, and what they are expecting in the biennium.

Mr. Johnson replied that there are three shelters in Kalaeloa that are funded by HPHA. He reported that HPHA has \$4 million for their services for the whole State.

Mr. Dinell asked whether that figure included repair and maintenance work.

Mr. Johnson responded that they have a separate account for repairs and maintenance and they received a one-time funding of \$10 million for repair and maintenance for this year for all of their State-owned shelters. The shelters have gone without repairs for 10 years so this year they are able to address those problems, but it is not usually in their overall budget. It is a possibility that the Legislature would provide more funding in the 2007 legislative session.

Relative to HPHA's request to extend their operations till August 1, 2008, Mr. Dinell questioned Mr. Johnson whether HPHA was aware that the Office of Hawaiian Affairs (OHA) was interested in the site. Further, HCDA had an exclusive negotiation agreement with them for the site and that at today's meeting, HCDA would be considering extending negotiations for another six-month period. Mr. Dinell asked whether HPHA would object to continue on a month-to-month basis and that HCDA would give ample notice to vacate the property. He commented that he has heard about the strategy of moving homeless from emergency shelters to transitional housing to rentals and thought that government should create a little pressure to find the solution instead of only providing emergency shelters. Mr. Dinell understands that it would take time; however, it would be difficult for the Authority to encumber that site until the date proposed by HPHA.

Mr. Johnson responded that if they have to live month-to-month, they would and that they are planning to obtain another site.

Mr. Dinell inquired whether the plans for another site would be in urban Honolulu.

Mr. Johnson replied in the affirmative. He stated that since things have been working out well at the Next Step shelter, they would like to continue operating there as long as OHA doesn't have immediate plans.

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

There being no further comments, Vice Chairperson Kimura called for a recess at 9:45 a.m. to allow the Kalaeloa Members (Members Aila, Chinn, Eng, Souza, and Timson) to depart, as the remaining agenda items were Kakaako-related.

Vice Chairperson Kimura reconvened the meeting at 9:48 a.m.

C. Update on the Phase I Process to Organize an Advisory Working Group to Advise on Land Uses for the 36½-Acre Waterfront Project in the Kakaako Makai Area

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

Mr. Takahashi reported that at the September 2006 Authority meeting, the Authority indicated a preference for an Advisory Working Group process that:

- Allowed for broad based public participation;
- Was fair and transparent; and
- Offered multiple avenues of outreach and ways for public participation.

The proposal best meeting this criterion involved two distinct phases. Phase I included the:

- Solicitation of organizational input from stakeholders in a systematic manner, primarily on a one-on-one basis;
- Identification of key issues and ideas for land uses from these interviews;
- Suggestions for the composition, roles, responsibilities and procedures for the Advisory Working Group; and

- Recommendation for a process to select a facilitator for Phase II.

Phase I was estimated to involve several dozen interviews and take at least until March 2007. In mid-November of 2006, Townscape, Inc. (Townscape) was selected as the Phase I consultant, and began their interviews immediately.

A summary of the themes from these initial interviews was provided in the Members' packets.

At the completion of Phase I, Townscape's current contract will be completed and Phase II will then begin to establish an appropriate vision and philosophy, and the preferred land uses for the Waterfront.

Mr. Takahashi introduced Bruce Tsuchida, President of Townscape, and explained that Mr. Tsuchida would provide supplemental information and answer questions.

Mr. Tsuchida introduced his team members: Janice Reishman and Harmony Williams and touched upon five points.

1. Phase I is designed to reach out to many stakeholders who should have a say in what happens in the Kakaako Waterfront. Their effort is to reach out to meet with people in small groups or as individuals, hear some of their concerns and understand what their stake is in Kakaako. Stakeholders are used in a broad sense; it includes community groups, landowners, businesses, other agencies, elected officials and environmental and professional organizations.
2. It is still early in the process. Townscape received the notice to proceed effective December 11, 2006, and they actually started some of the meetings prior to that date. To date they have completed nine interviews and small group meetings. So there is quite a lot of work yet to be done.
3. When the process began, there were approximately 50 stakeholders that were identified. The list is now 117 names long and it is still growing. Mr. Tsuchida did not know whether they would be able to meet with all of them by March, but that they would do their best to do so. When meeting with individuals and groups, Townscape asks them who else they think should be contacted and those names are added to the list.

4. Townscape plans to conduct 40 to 50 meetings over the next two months. By March 2007, they hope to be able to make some recommendations to HCDA in terms of the potential membership of the Advisory Working Group, keeping in mind the group needs to be broadly based and representative of many interests and stakeholders. The Townscape contract states that it will assist HCDA with the first meeting of the stakeholder group and after that point, their responsibilities for Phase I would be completed. The Advisory Working Group and HCDA will need to discuss and decide how best to proceed with the next phase and what the objectives of Phase II might be.
5. Mr. Tsuchida summarized some of the things that they heard in their meetings thus far.
 - a. Some people have said that it is a great idea that the consultants and HCDA are reaching out to stakeholders.
 - b. On the other hand, some have asked, “why are you doing this (reaching out), we are the stakeholders.” In this case, Townscape has explained that it is a very broad and inclusive process.
 - c. Most of the people have relayed a strong sentiment that Kakaako Makai should be for the local community, for the public, and should not be for wealthy outsiders. Many people shared the vision that Kakaako Makai should be primarily part of the lei of the green; the park system that stretches from Ala Moana Beach Park to Downtown Honolulu.
 - d. Most people were aware that it could not be all green space and that it would have to generate some kind of revenue; that some income producing activities are needed to help pay for the maintenance and upkeep of the parks.
 - e. Several people expressed that the Advisory Working Group should have a long-term role; not just for developing the plan, but to help see the plan through and implement it over the years.
 - f. There were a number of people who were not aware of what HCDA’s mandate and authority and powers were. Only

through the past year's process did they become aware of what the organization is and what its authorities were. Many of them were concerned about the powers of government. So that is part of their desire to have an open advisory process.

Mr. Tsuchida emphasized that it was an early progress report and that much more work needed to be done.

Vice Chairperson Kimura asked the Members whether they had any questions.

Member Piper asked whether there was any room to solicit input at an open town hall meeting. Since time seemed to be the biggest enemy in trying to meet with everyone, it seemed that inviting the community to solicit input would be a good way of opening the process to anyone who had an interest in the matter. He was concerned that after the Authority moved on in the process, somewhere down the line after the plans were made, that people would come out and say that they were never invited to provide their input. This way people outside of the district could also provide their input because the Waterfront is the crown jewel of the State.

Mr. Tsuchida clarified that the Phase I is not to develop a plan, but to identify the people who should have a say on the Advisory Working Group. The Advisory Working Group would then work with the Authority and others to develop a strategic or guidance plan.

Member Piper understood that Townscape had nothing to do with the plan, but stated that in order for a plan to mean anything, it should have sound foundation in gathering input. He didn't want people coming back saying that they were never advised.

Mr. Tsuchida agreed.

Member Saito stated that Member Piper was expressing the same thought he had about two or three meetings ago, that there should be some open forum meetings.

Mr. Tsuchida stated that they could do that.

Member Chang reiterated that she had the same idea. She was afraid that the stakeholders that Townscape was asking to provide names to be interviewed, they would name people with similar interest, and they wouldn't be getting the broad input. By holding an open public forum to solicit input, it could reach those that are not necessarily in the neighborhood.

Member Saito stated that by having an open forum, people will say that someone covered their idea so no need to meet with them on a one-on-one basis. He thought that there was a lot of value to having open forums.

Vice Chairperson Kimura agreed and stated that part of the transparency process was to hire an outside objective company to do this because the Authority didn't want to be accused as bias. He thought that there should be as much transparency as possible.

Vice Chairperson Kimura asked the members of the audience whether anyone would like to make a statement regarding the subject matter.

Ron Iwami, Friends of Kewalo Basin Park Association, wanted to clarify that the Advisory Working Group that is supposed to plan for Kakaako Makai shouldn't only be for the 36.5 acres. He stated that the definition of Kakaako Makai came up during the legislature last year. According to the House Concurrent Resolution (HCR) 30, the Advisory Working Group's responsibility should be Kakaako Makai defined as the east side is Kewalo Basin Harbor and Park and the west side is Forrest Avenue and the south side is the ocean and the north side is Ala Moana Boulevard.

Mr. Dinell stated that one of the points that was brought up in the sessions that Mr. Tsuchida didn't summarize was that ideally the planning should include the entire Kakaako Makai, not just the 36.5 acres. However, the definition in the HCR specifically defines Kakaako Makai as the area between Kewalo Basin and JABSOM. The legislation that Mr. Iwami is referring to is in Act 317 (SLH 2006) with regard to the sale of fee simple lands in Kakaako. The Legislature defined Kakaako Makai differently in HCR 30 and in Act 317. The main point from the feedback that Townscape is receiving is that the 36.5 acres shouldn't be planned in isolation.

Ron Iwami clarified that he didn't want things to be planned in piecemeal. It should be master planned because even Kakaako Mauka affects Makai and vice versa.

Nancy Hedlund, Ala Moana Neighborhood Board, thanked Mr. Tsuchida for the work done so far. She seconded the concerns about having open meetings and stated that many have asked for that. She too believed that there was a great risk in naming others with similar interests and not getting the word out to others. Ms. Hedlund also wanted to second the concern about planning for the whole Makai Area in a holistic way. She would be inviting Mr. Tsuchida to the next neighborhood board as an example of getting the word out to the

community and to present a status of what has been done already. That might generate some volunteers who might want to be involved.

Brian Shimokawa, Member of the Friends of Kewalo Basin Park Association, commented that holding community meetings for other stakeholders should take place at some point in time, but that this was just the start of Phase I, and it is not into the planning stage yet. He thought that enough voices were heard through the fight to save Kakaako within the community and throughout the island of what should be done. His personal feeling was that if it were to start out with a big community meeting, it would just prolong the process. At some point in time there should be a meeting like that, but for the first Phase, he thought that it was headed in the right direction to get to the immediate stakeholders input and decide who should be considered for the Advisory Working Group.

Vice Chairperson Kimura asked whether any other members of the audience wanted to make a statement. Noting none, he proceeded to the next agenda item.

D. Improvement District 11, Queen Street Improvements: Summary of Cost Analysis

Steve Miyamoto summarized the Information Item distributed to the Authority concerning this matter.

Mr. Miyamoto explained that Improvement District 11 (ID-11) consisted of construction of new sewer, water and drainage systems in Queen Street between Ward Avenue and Kamakee Street. The construction would also include new sidewalks, new pavement for widened roads and traffic signals at the intersection of Kamakee and Queen Streets. The overhead utility lines would be converted to an underground system. There would be metered parking stalls instead of random parking that is currently on the street.

The construction contract was awarded to Kiewit Pacific on April 21, 2005, for the amount of \$10,840,105. The contract amount increased to approximately \$11,005,716 to pay for delay costs and because Kiewit was unable to start after it received its notice to proceed in August 2005. The reason for the delay was that the construction plans were still being reviewed by the City and County of Honolulu (City) and in March 2006, Kiewit was directed to suspend its operation and demobilize from the site until January 2007.

Major revisions were made to the construction plans before the City approved the plans at the end of August 2006. Upon review of the revised plans, Kiewit submitted a cost proposal for the revisions in the amount of \$6,008,522. This figure includes the cost for quantity changes in existing contract items as well as escalation costs for the existing contract items and the cost for new contract work items.

The proposal would increase the construction cost to approximately \$17 million and this number doesn't include the contingency for unanticipated changes that might occur during the actual construction of the project. Staff met with Kiewit and has concluded that Kiewit cannot lower its cost proposal enough to do the approved ID-11 within the budget of \$15.6 million. The \$15.6 million figure not only includes the cost of construction, but also the cost of design, construction management, land acquisition and temporary parking for the ID-11 businesses.

The budget is funded by General Obligation (GO) Bonds and HCDA revolving funds. The uncommitted and remaining balance of HCDA's revolving fund is not enough to cover the \$17 million construction cost, plus a contingency for unanticipated changes.

Staff considered two alternatives to address the cost overrun: 1) cancel the entire project; or 2) do the construction in two phases. If the project is cancelled, the GO Bond funds would lapse with the termination of the project related contracts. The major draw back is that public safety would still be a concern on the unimproved portion of Queen Street because there would be no sidewalk or drain system.

The other alternative is to construct the improvements in two phases. The GO Bond funds would still be lapsed because the construction contract would have to be terminated. Staff has been advised that phasing the project would constitute creating two new projects and therefore, require rebidding of the construction. The Phase I portion would consist of installing a traffic signal at the intersection of Kamakee and Queen Street and construction improvement on the HCDA-owned portion of Queen Street. The Phase II portion would be the construction of the rest of Queen Street to Ward Avenue and would be done later in the future when funds became available.

The estimated construction cost for Phase I is about \$5.6 million including a contingency for unanticipated changes. The possible funding sources would be HCDA's revolving fund or requesting another appropriation from the Legislature. Land acquisitions would not be necessary in the Phase I construction except for a portion of Victoria Ward's property needed for road

widening at the intersection of Kamakee and Queen Street. Impact on street parking would be minimal since there are only seven existing parking stalls that are anticipated to be removed during and after construction. Therefore, staff does not feel that temporary parking would be needed for the Phase I construction.

Mr. Miyamoto summarized that funds are not available to finance the entire construction of ID-11. Two possible alternatives are to either cancel the entire project or do the construction in phases. In both alternatives, the GO Bond funds would lapse and a public hearing would be required to rescind the administrative rules that established ID-11 and the assessments. The phased construction would require rebidding and might require a public hearing. Since the construction cost has increased significantly, by more than half the original bid, staff will seek a determination from the State Procurement Office, as to whether it would even be appropriate or advisable to proceed with the project if funds became available.

Vice Chairperson Kimura stated that before opening up the item for discussion, he suggested for the staff to meet with the affected stakeholders, to explain the situation of the increase in costs and report back to the Authority with recommendations based on the community's input at the February meeting.

Vice Chairperson Kimura asked the Members whether they had any questions.

Member Chang commented that the \$10 million project that went up to \$17 million is a huge increase. She had three questions: 1) the cost increase cannot be that much so what is exactly is the new work that is causing the huge increase; 2) what is the cost of the Phase II construction, would it be \$17 million minus the \$5 million for Phase I; and 3) why can't there be more alternative solutions, instead of just canceling the project and dividing it into two phases. What about the possibility of rebidding the project or proceed with Phase I, but rebid the Phase II.

Mr. Miyamoto replied that since the time the project went out to bid with the construction plans, the City required HCDA to add a new drainage system, which wasn't anticipated. So that is the majority of the new contract work. The additional drain system is in the portion of Queen Street that already has a functioning drain system and sidewalks. The design consultants didn't anticipate having to add in more drainage in this area and only designed for a widen road and sidewalks and underground utilities. The construction cost of Phase II is roughly estimated at \$17 million subtracted by the Phase I cost.

There are other alternatives that were considered other than just the two presented.

Mr. Dinell added that the other alternatives considered were looking at value engineering. It is HCDA's standard policy to underground the utilities; however, it could leave the electrical utilities as is. At the staff level, it was decided that compromising the integrity of standards was unacceptable. The last alternative was not to build the road to City standards, and staff also thought that was a non-viable alternative. HCDA should make sure that whatever is constructed can be dedicated to the City in the future. Mr. Dinell stated that staff might come back in February with more alternatives based on the discussion with the community input. Staff didn't want to just cancel the project; they wanted to see what the community sentiment was and what made sense.

Member Lai commented that he thought the Vice Chairperson's suggestion to talk to stakeholders was a good idea. He wanted to make sure that the stakeholders knew the cost increase from \$11 million to \$17 million and that if the project was cancelled that there were some cost risks to be taken in the future. He suggested the idea that even if the project cost more, to see whether staff could obtain the funding if the benefits outweighed the costs.

Vice Chairperson Kimura asked the members of the audience whether anyone would like to make a statement regarding the subject matter.

Christine Kaneshiro, a small business owner on Queen Street between Ward Avenue and Cooke Street, commented that there are still issues besides the cost of the construction that still have not been resolved for the businesses in the area. One of the issues is the assessments to the landowners. The small businesses continue to say that it would put a lot of people out of business. She urged HCDA to also address the parking issue. Businesses will be losing parking because access to the properties will be cut in half. She didn't think that street parking was viable because there are small lots. There isn't enough street parking that could be done and the permanent parking issue wasn't addressed. The other problem that needs to be addressed is that the rail transit is scheduled to come through Kakaako. There are so many issues that have not been resolved yet. She thought that the project should be cancelled until all the issues could be resolved for the businesses in the area.

Member Chang thanked Ms. Kaneshiro for sharing her thoughts. It reminded her about the proposed rail transit that was proposed to go through Queen Street and she wondered whether it was in the same area.

Mr. Dinell replied that the City Council chose a locally preferred alternative that goes down Halekauwila Street. When it reaches Ward, the route crosses over the Sports Authority lot to join Queen Street a little before the Cummins Street intersection and moves its way from the Queen Street extension over to Kona Street and then to Ala Moana Center. There is a lot of engineering that needs to be done because it goes over existing businesses along the route. The second thing is the City has provided to HCDA in writing that they will not improve anything that is not associated with the rail. So the City will not deal with the drainage below an elevated fixed guideway if it is not necessary for the rail. Around the stations they will do work such as ADA compliant sidewalks, but it doesn't mean that the streets near stations will get improved. It is a valid point that the rail alignment impacts a portion of the Queen Street.

Member Chang stated that it should be addressed before the Authority proceeds with ID-11.

Mr. Dinell agreed and noted that the City would basically drop columns at 100 to 120 feet and they just need to miss any underground system.

Dexter Okada, a small business owner in the ID-11 project area, added that HCDA is going through a Mauka Rules revision and that according to John Whalen, the PlanPacific consultant on the Mauka Rules revision, ID-11 was already proceeding so it was not to be considered. Mr. Okada thought that whether or not ID-11 goes through, it should be considered in the plan. Mr. Whalen came up with the concept of a local street for Queen Street and keeping the other streets as service streets. He thought that concept should be incorporated with the Mauka Area Plan and Rules revision.

E. Update on Consultant Selection to Provide Consulting Services to Review, Revise, and Update the Mauka Area Reserved Housing Program

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

Mr. Takahashi explained that at the December Authority meeting, the proposal to hire a consultant for the Reserved Housing program was approved. Members asked that the scope of work established through negotiations be provided them so that it would be clear what was being produced by the expenditure of those funds.

Staff together with representatives of the Hawaii Housing Finance and Development Corporation (HHFDC) completed interviews with three

consultants from the FY 2007 Professional Services List. The joint HHFDC-HCDA selection committee selected Belt Collins Hawaii Ltd. as the most qualified consultant for this particular project.

The final scope of work resulting from the negotiations with the consultant was provided to the Members as part of their packet.

Mr. Takahashi explained that originally the proposal for the Mauka Area Plan and Rules amendment came before the Authority in 2000 at which time the Authority felt that the \$700,000 request was excessive and asked staff to make do with less. Hence, the resulting budget for the Mauka Plan and review was established at \$300,000, less than half of what was originally asked for. Besides the reserved housing revisions, an Environmental Impact Statement (EIS), and a traffic study were included in the original \$700,000 request. Subsequently, due to intensified interest in housing, the Authority realized that the reserved housing rules really did need review and revision and asked staff to do so. Staff tried to do everything in-house; however, HCDA didn't have the staff or expertise to complete it on a reliable timeline.

The problem is that the reserved housing rules, which is part of the Mauka Plan and Rules, should be finished when the Mauka Plan is completed in the target date of May. In order to try to salvage the timeline, staff brought up the idea of hiring an outside consultant to do the work. Mr. Takahashi mentioned this because of the timing issue and the need to stick to a very tight timetable as the primary reason why an outside consultant was hired.

Mr. Takahashi introduced Ann Mapes, Chairperson and CEO of Belt Collins, who provided supplementary information and answered questions about the project.

Ms. Mapes thanked the Authority for its selection of Belt Collins. The Project Manager would be Dr. John Kirkpatrick who is an economist and analyst. Dr. Kirkpatrick has been tracking affordable housing trends in Hawaii for the past 20 years and has produced many studies for various clients. Also working on the project is Planner Lee Sichter. Ms. Mapes would provide the overall review and oversight at the principal level. They basically reassembled the team that worked on the Kalaeloa Master Plan which was completed about a year ago. Also Dr. Kirkpatrick was an economic consultant to the Authority for the Waterfront RFP economic work on the Makai portion of Kakaako.

Belt Collins will be reviewing the existing reserved housing rules to bring them up to date, and made more user-friendly. To do that, they have a

challenging schedule. They will review what has worked and has not worked in rules and programs in other jurisdictions throughout the country that are similar to Hawaii and see whether some of those rules, ideas, concepts, could be applied to HCDA's program.

They will be meeting with stakeholders, Members and staff, as well as talking to developers. The intent is to produce revised rules that can be implemented. They will also be looking at incentives for developers. Their goal is to produce rules that will work and they will be working closely with the team on the Mauka Rules revision and to also build in enough flexibility to take it into the future. One of their major goals is to make sure that these rules reflect the Authority's vision and that it follows the Authority's objectives for reserved housing.

Vice Chairperson Kimura asked the Members whether they had any questions. There were none.

V. ITEM FOR ACTION – DISCUSSION AND/OR DECISION MAKING

2. Recommend Approval of Proposed Modification of View Corridor Setbacks for the Keola Lai Project by A&B Kakaako LLC (M 2-06)

Matthew Akamu summarized the Action Item distributed to the Authority and presented the staff's recommendation.

Mr. Akamu explained that this request was a follow up to last month's public hearing on the proposed modification of view corridor setbacks for the Keola Lai project. The permittee, A&B Kakaako LLC, is requesting the modification of view corridor setback requirements along South and Queen Streets. At the public hearing, the permittee explained the circumstances which led up to the construction of the project's podium into the view corridors and responded to questions from the Authority Members. With the exception of the permittee, no other testimony was received at the public hearing.

Staff found that the permittee satisfactorily demonstrated that the proposed modifications would provide flexibility and result in a development that is practically and aesthetically superior to the rigid enforcement of the rules. Staff also found that the proposed modifications would not adversely affect adjacent development for uses and would be consistent with the Mauka Area Plan. It appeared that the permittee satisfied the criteria for approval of the proposed modifications.

Staff recommended that the proposed modifications from view corridor setbacks be approved as requested.

Vice Chairperson Kimura asked for a motion to adopt staff's recommendation. It was moved by Member Saito and seconded by Member Lai to adopt staff's recommendation. Vice Chairperson Kimura asked the Members whether there were any questions. There were none. Before calling for a vote, Vice Chairperson Kimura asked whether there was anyone from the audience who wished to make a statement on this matter. There were none. Thus, Vice Chairperson Kimura called for a vote. The motion was unanimously approved 7 to 0, excluding Kalaeloa Members.

3. Approval to Authorize the Executive Director to Extend the Agreement to Exclusively Negotiate with the Office of Hawaiian Affairs for Lot 1 of the Kakaako Makai Area for the Development of its Headquarters and a Hawaiian Cultural Center

Deepak Neupane summarized the Action Item distributed to the Authority and presented the staff's recommendation.

Mr. Neupane explained that in July 2006, the Authority entered into an exclusive negotiation agreement with the Office of Hawaiian Affairs (OHA) for Lot 1 of the Kakaako Makai area. Since then HCDA has been negotiating the development agreement for the OHA headquarters and cultural center on Lot 1. The OHA Board of Trustees authorized funding for the design of the project. OHA is currently conducting due diligence for the property including environmental assessments and soil sampling. HCDA has provided a draft Development Agreement and Lease Agreement to OHA and they are currently reviewing that agreement. The timeframe approved by the Authority in July to complete the negotiation expired on January 5, 2007. OHA is requesting a six month extension for the exclusive negotiations.

Mr. Neupane introduced Stanton Enomoto, Special Administrative Assistant to the OHA Administrator, to address any questions that the Authority may have on the negotiations.

Mr. Enomoto explained that OHA has been in the process of reviewing the draft agreement that was provided and a copy of OHA's request letter for extension was included in the Members' packet. With the November elections and reorganization of the committees, as well as some of the site

work, it has taken longer than OHA anticipated; hence, OHA's request for extension of the negotiation period.

OHA is currently in the due diligence phase and planning the conceptual site layout. If everything goes according to schedule, OHA hopes to complete the design process sometime in early 2008 and begin the construction documentation phase and taking it to the end of calendar year of 2008 or early 2009. Mr. Enomoto mentioned the schedule in light of the letter that was received from HPHA and their request for extension of their lease.

Mr. Enomoto concurred with the Executive Director's suggestion that the HPHA lease be looked at on a month-to-month basis or some other similar incremental term given OHA's on-going process. HPHA's request for lease extension is something new to OHA and Mr. Enomoto has not had the opportunity to discuss it with the Administrator. Mr. Enomoto encouraged greater consultation between HPHA, HCDA and OHA as the process moves forward. Mr. Enomoto requested the Authority's approval to extend the negotiating period.

Vice Chairperson Kimura stated that before asking for a motion for discussion purposes, it was his intent to allow Members to ask questions of staff and the OHA representative on the item, then defer action until the end of the agenda. This would allow the Authority to enter into the anticipated Executive Session to discuss with staff and the Deputy Attorney General on the negotiations of the subject matter.

Vice Chairperson Kimura asked for discussion purposes a motion to adopt staff's recommendation. It was moved by Member Saito and seconded by Member Piper to adopt staff's recommendation. Vice Chairperson Kimura asked the Members whether there were any questions.

Member Chang asked when the OHA headquarters/cultural center would be completed.

Mr. Enomoto answered that it is anticipated to be completed in mid-2010.

Member Saito questioned if that was based on the start date of July 5, 2007, and asked what would start on that date.

Mr. Enomoto responded that OHA would begin its formal design process. OHA expects to complete the due diligence and conceptual space design between now and June and then start the formal design process.

Member Lai asked that in regards to the Next Step project, whether it would be possible to keep them on site until 2008 and asked when OHA would be starting construction.

Mr. Enomoto replied that he thought the actual vertical construction would begin in early 2009. There may be some condition, as they go through the due diligence, for example, if there are significant environmental concerns that would take up site preparation work and construction documentation work. OHA is anticipating going through all the construction documentation beginning early 2008. Demolition would be part of that site prep so they would be ready to begin vertical construction in early 2009, which would take it into the tail end of HPHA's request.

There would be a potential to impact the demolition of the building and prepping the site in order to get it ready for construction, so all parties should stay in close dialogue in the coming months. There is some worry on OHA's part from a financial perspective, since they have already executed contracts for the work and any kind of push on those contracts could expose them to some liability. But Mr. Enomoto feels that through dialogue, something can be worked out. OHA is also sensitive to the needs of the homeless.

Member Saito asked when OHA would break ground on the project.

Mr. Enomoto replied that it is hard to say, but could be in the later half of 2008.

Member Chang recalled that OHA set aside a special budget for the initial due diligence and engineering, environmental, and soil testing. She asked for the total construction cost and whether the money has been set aside or allocated. Member Chang commented that she would hate to proceed and move the Next Step shelter out only to have issues with funding the construction.

Mr. Enomoto responded that the funding for the initial due diligence phase was already allocated by the Board of Trustees and that came out of OHA's trust funds. OHA anticipates the cost for the formal design to be about \$3 million and that would include construction documentation as well as some of the demolition. The actual construction work and equipment is expected to be a little over \$50 million. OHA has a CIP budget request to the Legislature for GO Bond funding for half of the project. OHA would finance the other half out of the trust fund.

Mr. Dinell asked whether OHA would have any problem working with the Waterfront Advisory Working Group when it is established or even prior to its

establishment. As part of the terms of the extension, HCDA would like OHA to work with identified stakeholders and the Neighborhood Board on the concept plan in order to plan the Makai Area holistically.

Mr. Enomoto replied that he didn't believe it would be a problem, as a matter of fact, he would encourage that. OHA sees the site as part of the larger community and they would be willing to dialogue or play a role in the Waterfront Advisory Working Group. OHA would also need to go out to the Hawaiian community with the design elements and vision of the cultural center, so a big element would be the community's participation in the project.

Member Saito asked for clarification on the Kakaako Makai planning, that if it were based on Forrest Avenue, that would split the existing warehouse buildings from the OHA site.

Mr. Dinell referred to a map with the boundaries of HCDA's borders outlined and stated that the boundary splits the existing warehouses; the OHA site would be the warehouse on the Diamond Head side immediately adjacent to the open drainage canal.

Member Saito asked whether the OHA site would be under the jurisdiction of the Advisory Working Group for planning purposes in Kakaako Makai area.

Deputy Attorney General Melvin Nishimoto stated that the House Concurrent Resolution defines the Kakaako Makai area west boundary as JABSOM which is Cooke Street; however, Act 317 defines the west boundary as Forrest Avenue. So, as far as the holistic planning for the area, it would be to Forrest Avenue.

Vice Chairperson Kimura asked whether HCDA could get that clarified so that it would be clear what the Legislature wants.

Member Saito thought that it was up to the Authority to decide.

Mr. Dinell commented that based on Mr. Tsuchida's report, the community is saying to plan holistically and from a planner's perspective that is always the wisest course. He noted that HCDA tries to plan the district as it relates to the surrounding areas such as downtown and Ala Moana. Good planning involves how various projects work together. Unfortunately, the Legislature gave mixed signals in their definitions and actions since they also funded the Cancer Research Center. Mr. Dinell thought that HCDA should just do the right thing which is for the Waterfront Advisory Working Group to look at the

holistic planning of the area, which is why he asked Mr. Enomoto if there would be a problem working with the stakeholders.

Member Piper asked Mr. Enomoto how far along was the project in the due diligence process.

Mr. Enomoto responded that he believed it to be a little over halfway completed. They are still going through the Special Management Area permit process which would allow the on-site geotechnical work to be done. The internal space programming has been completed and they have charted some of the survey work on-site.

Member Piper was interested in knowing whether this would be the only time extension request from OHA or would another request come in July again. His concern was that sometimes it is difficult to predict what happens in the due diligence process.

Member Lai commented that based upon the information gathered so far the Next Step Project could stay till July 2008 rather than be placed on a month-to-month lease. He encouraged OHA to work with the Next Step Project to figure out a solution as it didn't seem that they had to move out anytime soon. Member Lai agreed with Member Piper that this may not be the last time that OHA would ask for an extension period. He suggested that if they know the project is delayed and things are not in order by the extension deadline, to come back to the Authority prior to the period actually lapsing.

Vice Chairperson Kimura asked whether there were any other questions. Since there were none, he asked the members of the audience whether anyone would like to make a statement regarding the subject matter.

Jack Hamada, private citizen, expressed his concern whether the lot that OHA is building on is public land and whether or not it would be sold.

Mr. Dinell explained that the particular land parcel is held in title by the HCDA, so based on the statute it is State lands. It is also ceded lands, meaning 20 percent of the revenues generated on that particular parcel accrue to OHA as part of the ceded lands agreement.

Vice Chairperson Kimura then asked for a motion to enter into Executive Session to discuss the following item: Discussion with Deputy Attorney General on the Exclusive Negotiations with the Office of Hawaiian Affairs for Lot 1 of the Kakaako Makai Area for the Development of its Headquarters and a Hawaiian Cultural Center. Vice Chairperson Kimura asked Deputy

Attorney General Melvin Nishimoto, Executive Director Daniel Dinell, Teney Takahashi, Deepak Neupane and Rick Manayan representing Member Liu, to join the discussion in Executive Session. It was moved by Member Saito and seconded by Member Piper to enter into Executive Session. The motion was carried 7 to 0, excluding Kalaeloa Members.

The Hawaii Community Development Authority entered into Executive Session at 11:05 a.m.

Vice Chairperson Kimura asked for a motion to return to the regular meeting. It was moved by Member Saito and seconded by Member Piper to return to the regular meeting. The motion carried 7 to 0, excluding Kalaeloa Members.

The meeting was reconvened at 11:41 a.m.

3. Approval to Authorize the Executive Director to Extend the Agreement to Exclusively Negotiate with the Office of Hawaiian Affairs for Lot 1 of the Kakaako Makai Area for the Development of its Headquarters and a Hawaiian Cultural Center - Continuation

Vice Chairperson Kimura reminded the Members that a motion was on the table to extend the agreement to exclusively negotiate with OHA for the parcel it was interested in and asked Members whether there was any further discussion. There were none. Vice Chairperson Kimura called for a vote. The motion was unanimously approved 7 to 0, excluding Kalaeloa Members.

V. ADJOURNMENT

There being no further business, it was moved by Member Saito and seconded by Member Chang to adjourn the meeting at 11:42 a.m. The motion passed 7 to 0, excluding the Kalaeloa Members.

Respectfully submitted,

/s/

Jonathan Lai
Secretary