

SUMMARY - MEETING NO. 321  
HAWAII COMMUNITY DEVELOPMENT AUTHORITY  
State of Hawaii

September 5, 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 Formby (for Barry Fukunaga, DOT); Michael Goshi; Paul Kimura; Theodore Liu (DBEDT); Dexter Okada; Robert Piper (for Georgina Kawamura, B&F); Russ Saito (DAGS).

Kalaeloa Members: Linda Chinn (for Micah Kane, DHHL); Stanton Enomoto; Evelyn Souza; and Maeda Timson.

Members Absent: Christopher Kobayashi; Jonathan Lai; Kay Mukaigawa; and Henry Eng (DPP, Kalaeloa Member).

Others Present: Teney Takahashi; Melvin Nishimoto (Deputy AG); Matthew Akamu; Arnold Imaoka; Richard Kuitunen; Cal Machida; Tesha Malama; Deepak Neupane; and Jill Sugihara (also, see Meeting Attendance Record).

I. ROLL CALL

The meeting of the Hawaii Community Development Authority (HCDA) was called to order on September 5, 2007, by Chairperson Goshi at 9:03 a.m. with the following roll call:

Chairperson Goshi	Present
Member Bradley	Present
Member Chang	Present, arrived at 9:16 a.m., left at 12:00 p.m.
Member Chun	Present
Member Formby	Present
Member Kimura	Present
Member Liu	Present
Member Okada	Present

Member Piper	Present
Member Saito	Present, arrived at 9:06 a.m.
Member Chinn	Present, left at 9:46 a.m.
Member Enomoto	Present, arrived at 9:45 a.m., left at 9:46 a.m.
Member Souza	Present, arrived at 9:10 a.m., left at 9:46 a.m.
Member Timson	Present, left at 9:46 a.m.

## MATERIALS DISTRIBUTED

1. Agenda for September 5, 2007 Meeting;
2. Summary Minutes of Authority Meeting of August 1, 2007;
3. Summary of Public Hearing of August 1, 2007;
4. Report of the Executive Director;
5. Kalaeloa Status Report;
6. Kalaeloa Navy Report;
7. Hawaii Public Housing Authority Status Report;
8. Action Item: Recommend Approval to Expend Capital Improvement Project Funds for Life Safety Improvement Projects in the Kalaeloa Community Development District;
9. Action Item: Recommend Approval to Authorize the Interim Executive Director to Consent to the Assignment of Lease for the John Dominis Site in Kakaako Makai from Basin Project Inc. to Ocean Investments, LLC;
10. Information Item: Phase IV of the 404 Piikoi Planned Development Project (PD 2-84);
11. Information Item: Update on the Kakaako Makai Community Planning Advisory Council;
12. Executive Session: Discussion of Ground Lease Negotiation Considerations for Below Market Ground Leases; and
13. Executive Session: Discussion of Kewalo Basin Lawsuit.

Chairperson Goshi announced that Information Item D on the agenda, Save Our Race Track Presentation would be deferred.

## II. APPROVAL OF MINUTES

1. Minutes of the Regular Meeting of August 1, 2007

Chairperson Goshi asked whether there were any corrections to the minutes of the August 1, 2007 meeting. Member Timson stated that Member Enomoto asked her in his absence to correct the minutes as written on page 9, paragraph 4. It was recorded that, "it appeared that the Authority consented, so on those

grounds DHHL's staff moved forward." Member Timson noted that although Member Kane did make this statement, the Authority did not take a vote on that particular issue; thus, the statement is inaccurate. It was moved by Member Chun and seconded by Member Piper to approve the minutes. The motion passed 10 to 0 with 4 excused (Members Chang, Saito, Enomoto and Souza).

2. Summary of Public Hearing of August 1, 2007

Chairperson Goshi asked whether there were any corrections to the summary of Public Hearing of August 1, 2007. There were none. For voting purposes, Chairperson Goshi stated that only Kakaako Members could vote on this item. It was moved by Member Piper and seconded by Member Liu to approve the summary as written. The motion passed 8 to 0 with 2 excused (Members Chang and Saito) and excluding Kalaeloa Members.

III. REPORT OF THE EXECUTIVE DIRECTOR

Teney Takahashi 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. Takahashi reported that the Kakaako Makai Community Planning Advisory Council (CPAC) held their fourth meeting on August 22, 2007. Although the group is still in the process of organizing, Deepak Neupane provided the group a comprehensive report on existing factors that could influence planning of the waterfront, such as the requirements for a cultural marketplace and the Keiki Fishing Conservancy. The presentation was intended to facilitate the CPAC's goal to establish a vision and provide guiding principles. Staff continues to post detailed meeting notes on HCDA's website to ensure that all stakeholders have access to this information. The next meeting would be held on September 19, 2007. The CPAC's recommendations for facilitators would be presented later on the agenda.
- The Authority had previously directed staff to plan centralized parking for the Makai lands to avoid the proliferation of surface parking lots. The current Waterfront Business Plan includes two such facilities. More recently, the Asia Pacific Life Sciences Center and the Cancer Research Center of Hawaii and the John A. Burns School of Medicine (JABSOM) Phase II projects had both stalled due in large part to parking costs which have doubled in the last three to four years. Both developers had also asked HCDA to investigate centralized parking that could make lower financing costs available and provide economies of scale that could mitigate their cost problems.

Kamehameha Schools landowner for the Asia Pacific Life Science Center also offered another site to be used for parking. After two meetings in August, staff has determined that the concept does appear to have potential, and is worth pursuing further, although it is far too early to consider it a viable concept. Staff would keep the Authority advised on the progress.

- In response to Member Timson's request for more news on Kalaeloa, staff would dedicate half of the September newsletter to Kalaeloa and distribute the newsletter via e-mail and regular mail to both Kakaako and Kalaeloa communities. Staff would then evaluate the results to determine how to proceed.
- On August 6, 2007, in an effort organized by the Kalaeloa Public Safety Group, and involving the Honolulu Police Department, City and County Parks and Recreation, Department of Land and Natural Resources, U.S. Navy, State Sheriffs Department, and the Hawaiian Humane Society, the Kalaeloa beach area was cleared of people, animals and five tons of illegal shelters and trash. A long-term maintenance program was put in place to keep it clear. An immediate 50 percent reduction in crime was reported in the following week.
- The Kakaako Waterfront and Gateway Parks will host Mothers Against Drunk Driving's (MADD) Annual Candlelight Vigil at the MADD Memorial, and separate prayer services for the Ehime Maru by the Rissho Kosei Kai of Hawaii on September 23, followed by the HMSA and Department of Agriculture's Island Fresh Festival and the Pacific Handcrafters Arts and Crafts Fair on the weekend of September 29, 2007.
- Mr. Takahashi announced that Pearlyn Fukuba, Kalaeloa Program Specialist, was one of a handful of Department of Business, Economic Development, and Tourism (DBEDT) employees receiving an award for distinguished State service. He also mentioned that Jill Sugihara was part of a team receiving an Honorable Mention for devising a statewide bill preparation and tracking system. Mr. Takahashi congratulated both Pearlyn and Jill.

Chairperson Goshi requested that the record reflect that Members Souza and Saito were present. Chairperson Goshi asked Members whether there were any questions.

Member Timson thanked staff for including Kalaeloa in the upcoming newsletter. She also congratulated Ms. Fukuba and Ms. Sugihara for their hard work.

Member Liu commented that when he first joined the Authority, the Executive Director reported on a centralized parking plan for the Makai area that was designed with residential housing. He asked whether there was bond authorization for that project.

Mr. Takahashi responded that HCDA did have revenue bonds at that time.

Member Liu asked whether the revenue bonds lapsed.

Mr. Takahashi responded in the affirmative.

Member Liu commented that since the funding lapsed, the plan was taken over by the Kakaako Makai Request for Proposal (RFP).

Mr. Takahashi responded in the affirmative that it was part of the RFP and the plan stopped when the RFP was stopped.

Member Liu noted that Mr. Takahashi mentioned that the centralized parking project has not yet matured into a viable plan. He asked whether the concept was similar in the sense that HCDA would be seeking State financing for centralized parking.

Mr. Takahashi responded in the affirmative that state funding would give access to cheaper funding. The developers of JABSOM, CRCH and the Life Science projects are experiencing not only rising general construction costs, but in the few years parking costs have doubled.

Member Liu asked whether it was for traditional parking lots.

Mr. Takahashi responded in the affirmative and explained that a centralized parking facility would provide economies of scale instead of building smaller 200 parking stall lots, 1,000 stalls could be constructed with a liner so it would look like something other than a parking lot. The State would be the developer, access the funds, and pass the savings onto the developers, because the State would be producing and renting centralized parking at a lower cost.

Member Liu asked whether the developers would share in the cost.

Mr. Takahashi stated that was the breakthrough in August that both developers agreed to pay their fair share.

Member Liu commented that in theory the developers would extinguish their obligations through cost share.

Mr. Takahashi replied in the affirmative.

Member Liu asked whether the balance after the cost share would be made up by revenue bonds.

Mr. Takahashi replied that it could be both General Obligation Bond funds and special purpose revenue bonds. Special purpose revenue bonds would be necessary because HCDA does not have the ability to be its own developer so the responsibility would go to a third party developer and special purpose revenue bonds would allow that.

Member Liu reminded staff that authorization for bond financing of any type would have to be approved by Budget and Finance.

Mr. Takahashi stated that the project is not yet at the point where details of the bond financing could be discussed. Staff would be meeting with DAGS, which does these projects routinely, in the next few weeks.

Chairperson Goshi asked whether there were any other questions.

Member Liu asked whether as a result of the Kewalo Basin lawsuit that the process had been suspended.

Mr. Takahashi replied that since the lawsuit had been filed there has been no communication between HCDA and the Kewalo Ocean Activities (KOA).

Chairperson Goshi thanked Member Kimura and Ms. Malama for assisting in the Voyager School issue.

#### IV. ITEMS FOR INFORMATION

##### A. Kalaeloa Status Report

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

Ms. Malama reported that the first action item for the Kalaeloa Community Development rules was to set up a Kalaeloa Advisory Team created from representatives of various community organizations and elected officials in the area. Cynthia Rezentes would be representing the Waianae Neighborhood Board and Lorraine Martinez would be representing Kapolei Neighborhood Board. The Ewa Neighborhood Board would be taking action on its representative at its September meeting. Staff also met with Kathy Sokugawa from the City and County Department of Planning and Permitting in regards to looking at strategies and incorporating the land use ordinance into the Administrative Rules.

As was earlier reported by the Executive Director, Ms. Malama reported that the Kalaeloa Public Safety Group was able to clear Kalaeloa beaches of the homeless population. She reported that 95 citations were issued for expired camping permits; 58 citations for illegal activity; 16 warrants were served; 5 tons of trash and illegal structures were removed from the area; 15 vehicles were towed away; and 16 dogs and one cat were removed. HPD announced that Kalaeloa would now be on its normal rotation for its watches. HPD would also enforce the Monday and Tuesday, no camping days. The Navy has reported that there was a 50 percent reduction in crime two weeks after the work occurred. There may still be a need for private security along the shores. The City was asked to make arrangements to clean the sand.

Ms. Malama thanked the Members for their continued support and for communicating what needs to be done in the area.

The Kalaeloa Community Network group met on August 9, 2007, and they are finishing up the Ft. Barrette entry way beautification project. They are also in the process of installing signage; a copy of the example was included in Members' packets. Member Enomoto was consulted to ensure that the signage was culturally sensitive to the area and the Kapolei Hawaiian Civic Club also provided feedback. The significance of the *ulu* as depicted in the signage is because the *ulu* or breadfruit was reported as being introduced to the islands from the shores of Kalaeloa.

Staff met with Haseko Homes to coordinate the offloading of armor stone from Kalaeloa Harbor to Ocean Pointe. Staff wanted to ensure there was a safe transition since it would be a 24-hour operation that would impact the surrounding neighborhood. Staff coordinated with the Department of Transportation, the Hawaii Army National Guard and members of the Kalaeloa Community Network to determine the best route in that particular area.

Ms. Malama reported that as a follow-up to Member Timson's request for more information on what was happening in the Kalaeloa area in addition to the Navy and Hawaii Public Housing Authority report, DHHL submitted a current lease status report, which was included in the Members' packets. There are no new leases anticipated in the next few months.

As earlier mentioned, at the request of Member Timson, Kalaeloa items would be added to the HCDA newsletter, which would be distributed to Kakaako and Kalaeloa mailing lists. Ms. Malama thanked Cal Machida for his efforts in inserting the Kalaeloa information.

As a follow-up to Member Enomoto's request, staff met with Save Our Race Track (SORT) representatives to arrange for a presentation. However, due to new information received, the group deferred that presentation. Ms. Malama would keep the Authority apprised of the status.

On August 8, 2007, staff met with Haseko on the rock offloading project, which was in its last week of completion. There were no complaints.

Ms. Malama asked whether the Members had any questions.

Member Timson expressed her gratitude to Ms. Malama and the Public Safety group for clearing the Kalaeloa beaches of the homeless encampments. By the number of citations issued, it showed that the community's concerns were warranted. The community wanted the beach and facilities back. Thus, on behalf of the community, Member Timson thanked Ms. Malama for her work in Kalaeloa as she knows it took a lot of effort and coordination for the project to happen.

Member Okada asked whether this sweep was the one originally scheduled for October and November.

Ms. Malama responded in the affirmative and explained that the timeframe was cushioned to ensure that it would be completed by then.

Member Okada wanted to know what happened to the people on the beach.

Ms. Malama replied that there wasn't any migration to the shelters and the people dispersed to other places. Thus, the project was conducted without incident and without press coverage.

Member Souza commented that her family went to the beach park and enjoyed themselves. It was short of phenomenal in the amount of time that was given and it was a tribute to the cohesiveness of the Kalaeloa team. She thanked Ms. Malama for being a part of that initiative.

Member Timson asked whether the DHHL leases were active agreements that had been signed.

Ms. Malama responded in the affirmative.

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

Chairperson Goshi noted that Member Chang was in attendance.

B. Kalaeloa Navy Report

Tesha Malama introduced Lynn Tanaka of Navy Region Hawaii to present the U.S. Navy update.

Ms. Tanaka reported that she had submitted a written report. The camp ground and clean up effort resulted in a 50 percent decrease in crime at the Navy beach cottages which is adjoining the beach area. The U.S. Navy still intends to meet with the City's Department of Parks and Recreation to discuss the camp grounds.

There haven't been many changes to the short-term leases or with the leases with Ford Island Properties. The only major thing was improvements were being made to facilities to make them habitable and the tree near the pool and fitness center had to be removed because it had died and was becoming a safety issue.

The U.S. Navy has to come into a binding agreement to convey the brokered parcels, by September 30, 2008. The Navy has been working with their real estate agents, Ford Island Properties and Hunt, on the negotiations and they should know by the end of the month how to convey the properties. The Navy is working on a communication plan to keep the community informed.

Chairperson Goshi asked where there were any questions.

Member Timson thanked Ms. Tanaka for the written report, which she found to be informative and handy.

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

C. Hawaii Public Housing Authority Status Report

Tesha Malama introduced Brian Johnson from the Hawaii Public Housing Authority to present an update.

Mr. Johnson reported that included in the Members' packet was an update on the Onemalu transitional shelter. Currently, there are 96 people in the shelter – 39 adults and 57 children. The number has decreased because HPHA is renovating Building 48, Onemalu. Currently, there are 46 units instead of the usual 70 units. HPHA has received \$10 million from the Legislature for

maintenance and repair at the shelters, and they are proceeding. Also listed on the informational sheet were the services that the shelter provides.

Mr. Johnson would work with the Onelauena transitional shelter (Building 50) to provide the same type of information for the next meeting. Onelauena currently houses 232 people, of which 110 are adults and 122 are children. There are 69 units, but more units would be added as the portable building would now house the program offices, which would open up spaces for more units in the building. One of the outreach workers for the Waianae Community Outreach program was going to check White Plains Beach and give Mr. Johnson an update on whether any unsheltered homeless were in the area.

Chairperson Goshi asked Members whether they had any questions. There were none.

D. Leeward Coast Initiative Update

Tesha Malama introduced Kaulana Park, Homeless Efforts Achieving Results Together (HEART), Homeless Solutions Team Leader, to present the Leeward Coast Initiative update.

Mr. Park thanked the Members for the opportunity to present an update on the Leeward Coast Initiative. He thanked Sandy Miyoshi of the Hawaii Public Housing Authority for not only being a part of the HEART team, but for also spearheading the efforts in getting the shelters up and running. She has also been communicating with HCDA and Brian Johnson has been providing the updates.

The last time Mr. Park appeared before the Authority, there was a proposal to renovate Building 36 to use as a shelter. At that time, there was a 50/50 chance of that happening, but now it is a reality. The State has been working with Ms. Malama and the Base Realignment and Closure (BRAC) officials to resolve the issues. A conference call has been scheduled to see how those efforts can be accelerated. One thing that the BRAC officials were open to was for a possible Right-of-Entry for the early construction efforts, which is projected to start in November.

Building 36 is similar to the Onelauena. It is a three-story building that would accommodate 60 units and house about 200 people. Families would be targeted first for entry to the shelter, but it would be open to singles and couples as well. HEART is working with the City to see whether some of the

families on the Waianae beaches, especially the Maili Point area, would be able to live in the shelters.

The Villages of Maili is transitional housing which is provided to families who move from the shelters into the second phase of transitional housing and then progress to self sufficiency.

HEART has been coordinating with the U.S. Vets, which have a couple of shelters next to the transitional shelters, for a shared community learning center. No site location has been selected yet and Ms. Malama and HPHA would work with the team to figure out where the best place would be, the size of the facility, and how the funding would be handled. It is still in the infancy stages. This project would fit into the HCDA Master Plan for the area.

Chairperson Goshi asked whether Members had any questions.

Member Timson commented that she appreciated the fact that it has been recognized that there is a homeless problem. The community expressed its concerns in the beginning, but the shelters are well organized and monitored. Although the homeless shelters were part of the Master Plan, Member Timson wanted to ensure that it doesn't exceed the plan in the event of redevelopment in the area. There haven't been any complaints on the shelters and the shelters seem to be running with pride, of which she was thankful for.

Mr. Park noted that there aren't any other plans for additional shelters in Kalaeloa.

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

E. Save Our Race Track Presentation

DEFERRED

IV. ITEMS FOR ACTION – DISCUSSION AND/OR DECISION MAKING

3. Recommend Approval to Expend Capital Improvement Project Funds for Life Safety Improvement Projects in the Kalaeloa Community Development District

Tesha Malama summarized the Action Item distributed to the Authority and presented the staff's recommendation.

Ms. Malama stated that staff was recommending approval to expend Capital Improvement Project funds for life safety improvement projects in the Kalaeloa Community Development District.

Maintenance issues such as road striping and clearing of brush from the roadways have been addressed as well as revitalizing the shoreline. In November 2006, as part of HCDA's continued community outreach, the Kalaeloa Public Safety work group created a list of Capital Improvement Projects (CIP) for the area. The cost estimates were nearly \$6 million. In January 2007, HCDA requested \$1.1 million from the Legislature. The Legislature approved \$250,000. To meet this financial constraint, staff revised the original CIP list, which was included in Members' packets.

The projects that were targeted were considered to be important to the Public Safety group. Therefore, staff recommended approval to expend \$250,000 of Kalaeloa Capital Improvement Project funds and to proceed with planning, design and construction, procurement and enter into agreements.

Ms. Malama thanked the Kapolei Neighborhood Board which voted unanimously for the Authority to support the expenditure of those funds at its last meeting.

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

Member Okada asked whether the projects were strictly for sidewalks.

Ms. Malama replied in the negative. The sidewalks that are being requested are to accommodate proper bus stops. According to the City and County standards, if certain sidewalks are not in place, then it would not be able to erect a bus stop in those areas.

Member Okada asked whether it included drainage improvements.

Ms. Malama responded in the negative.

Member Enomoto arrived at 9:45 a.m.

There being no further discussion. Chairperson Goshi reminded the Members that there was a motion on the table to adopt staff's recommendation and called for a vote. The motion was unanimously approved 14 to 0.

Chairperson Goshi called for a recess at 9:46 a.m. to allow the Kalaeloa Members (Members Chinn, Enomoto, Souza, and Timson) to depart, as the remaining agenda items were Kakaako-related.

Chairperson Goshi reconvened the meeting at 9:49 a.m.

4. Recommend Approval to Authorize the Interim Executive Director to Consent to the Assignment of Lease for the John Dominis Site in Kakaako Makai from Basin Project Inc. to Ocean Investments, LLC

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

Mr. Kuitunen explained that Ocean Investments LLC is a newly formed entity that is acquiring the Basin Projects' leasehold interest to the John Dominis Restaurant. The original project was approved in 1978 under the Board of Land and Natural Resources for a 65-year term lease until 2042.

Ocean Investments LLC has indicated that they may redevelop the property in 18 months. However, if that is the case, they would appear before the Authority to ask for approval, which is required under the lease. Included in the Members' packets were: Purchase and Sale Agreement, Lessor's Consent to Assignment of Lease for both leases, Limited Warranty Assignment and Assumption of Lease for both leases, and a Balance Sheet for Ocean Investments, prepared by its accountants showing cash holdings in the bank.

Basin Projects have requested that HCDA consent to the lease assignment. The Attorney General's office reviewed all the documents. Prior to the consent form, staff recommended that language be included to stipulate that:

- The assignor shall continue to be liable under the terms of the lease;
- Rent reopenings should be disclosed as being in progress
- Include provision that any redevelopment of the property may subject tenant to Waterfront Association dues; and
- State that the consent does not allow a change in usage or further assignment.

In reviewing the documents that were provided, there were certain additional items that must be received, reviewed and accepted before staff would recommend the consent be signed and that included:

- Certificate of good standing and tax clearance certificates for both entities;
- Approval of any operating agreement for current management to continue (under a sublease agreement);
- Review and approval to the Watabe (wedding service) and Perry and Price contracts (staff has received and reviewed the documents; but, has not accepted them under the terms of the lease); and
- The tenant recently received a notice of warning for its grease interceptors that they are in violation of the City and County ordinance. Prior to consent, evidence of clearing the warning would be required.

Therefore, staff recommended that the Interim Executive Director be authorized to consent to the assignment of the leases for the John Dominis site from Basin Projects, Inc. to Ocean Investments LLC with modifications that were proposed to the consent documents and also the satisfactory receipts and review of the additional documentation that was enumerated above.

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

Member Chang asked whether the figure noted on the first page of the Action Item was a monthly or yearly figure for the years 1997 to 2007.

Mr. Kuitunen replied that it was the monthly figure.

Member Chang noted that it would be near the second rent reopening of the lease agreement and asked whether staff was negotiating for the lease rent for December 2007.

Mr. Kuitunen responded HCDA ordered an appraisal of the property which staff was in the process of reviewing and would present to Basin Project Inc. Basin Project Inc. could hire its own appraiser. Should the two appraisers not be able to agree, a third appraiser would be selected.

Member Kimura asked what was meant by the term of "redevelopment of the properties."

Mr. Kuitunen responded that they did not have any specific redevelopment in mind, but at a meeting, they mentioned that they may demolish the existing improvements and reconstruct the buildings, presumably with another restaurant on the site.

Member Chang asked whether HCDA was requiring minimum improvement value in the redevelopment.

Mr. Kuitunen responded in the affirmative because in 1978, the original lease required improvements of at least \$800,000 and the wedding chapel cost over \$800,000.

Chairperson Goshi clarified that the issue was just for the assignment of the lease. Any type of redevelopment was hypothetical and Ocean Investments LLC would have to appear before the Authority for approval.

Member Liu asked whether it was known who the owners of Ocean Investments LLC were.

Mr. Kuitunen stated that he had the information, but did not recognize the names.

Member Liu commented that the current owner was known; however, it might be useful to know who the ownership of Ocean Investment was. The balance sheet did not provide much information.

Mr. Kuitunen noted that staff pointed out the balance sheet because the cash held was not permanent. Staff noted the purchase price was substantial. It should be considered an investment in the property.

Member Liu asked whether the Interim Executive Director would be signing the consent prior to the next Authority meeting.

Mr. Takahashi replied that the issue at hand is the assignment, but there was no deadline for resolving the outstanding issues. Thus, signing the consent might not happen before the next Authority meeting.

Mr. Kuitunen further stated that staff did have some concerns which is why additional conditions were added because it could impact the lease and rent that would be due.

Member Liu requested that more information on Ocean Investment LLC be provided for the next Authority meeting.

Member Bradley asked if Ocean Investment LLC decides to redevelop, what regulations or guidelines would they need to follow and whether they would be exempt from going through the Kakaako Makai Community Planning Advisory Council (CPAC).

Mr. Kuitunen asked Mr. Neupane to answer the question.

Mr. Neupane responded that they would have to follow the Makai Area Rules.

Member Bradley asked whether that was the current Makai Area Rules.

Mr. Neupane responded in the affirmative.

Member Bradley questioned whether their current Floor Area Ratio (FAR) was maxed out or whether they could max out with the new redevelopment.

Mr. Kuitunen stated that he did not believe that the structure was maxed out. However, they would have to redevelop to current codes, including the setback from the shoreline. Currently, they have the easement to hang over the ocean. Mr. Kuitunen believed it would be a 40 foot setback.

Mr. Takahashi added that it would be from the existing certified shoreline.

Mr. Kuitunen commented that it would be a challenge for them to redevelop the site.

Mr. Takahashi stated that the current zoning for that site is waterfront commercial.

Member Saito asked whether subject to review by HCDA also meant that it would apply to having meaningful input by the CPAC.

Mr. Kuitunen stated that he could make that part of the condition.

Mr. Takahashi commented that the Advisory Council could have input on the redevelopment project because the group may be established by the time the issue is raised.

Member Saito commented that the advisory group was to have meaningful input on plans developed after last year. So it could be subject to input from the group.

Mr. Takahashi responded that it could be; however, it was not known how long it would take the Advisory Council to come up with any substantive recommendations. But if they did, it could have an impact on the development.

Chairperson Goshi asked whether there were any other questions.

Member Kimura asked what the lease would be for the period of December 23, 2007 to December 22, 2017.

Mr. Kuitunen responded that staff is reviewing the appraisal; but, it hasn't been presented to Basin Projects yet.

Chairperson Goshi asked whether there were any further questions.

Member Okada asked whether it would be a straight vote on the staff recommendation or whether the vote was on the condition of providing more information.

Chairperson Goshi commented that the issue was on the consent of the assignment and that any redevelopment would be handled at a later time.

Member Okada noted that Member Liu requested additional information.

Chairperson Goshi asked Member Liu whether his concern was regarding the consent of the assignment or with the future development.

Member Liu responded that it would be wise for the Authority to know more information on the people the lease was being assigned to. But from Mr. Takahashi's response it didn't sound like the consent was going to be executed prior to the next Authority meeting. Thus, he requested staff to provide more information.

Member Saito asked what assurance did the State have in the reassignment of the lease. He would like to have information on insurance coverage and on their qualifications. Member Saito commented that the Members are exercising their fiduciary responsibility in assigning the lease and asked whether there was something in the law or bylaws.

Mr. Takahashi stated that it was strictly up to the lessor, but it was a valid question.

Member Liu assumed that the lease agreement contained different requirements as to insurance and security deposit.

Member Saito asked for clarification on what the vote was on.

Member Liu replied that it was to authorize the executive director to consent to the assignment of the lease.

Member Saito asked whether it was subject to any conditions as theoretically the Interim Executive Director could sign the lease right now without answering any of the questions.

Member Liu asked whether there would be any other conditions to the assignment.

Member Saito commented that the vote would be like signing a blank check. He stated that if the Authority wanted to exercise some due diligence, then the vote should probably be deferred to the next meeting. He would also like to receive some assurances that the lease would not be assigned without fulfilling those conditions.

Member Liu asked whether there was a timeline for the transaction to take place.

Mr. Takahashi noted that the seller was very anxious to get approval, so he would be disappointed if he did not obtain the consent to the assignment. Staff has already given him the conditions that need to be fulfilled beyond the simple assignment and those were cited in the Action Item. To add more conditions doesn't change the situation one way or the other.

Member Okada stated that since the consent would not be signed by the next Authority meeting, it would not hurt to delay the item until the next meeting.

Mr. Takahashi responded that was probably true because some of the open issues may be time consuming.

Chairperson Goshi stated that the Action Item would be deferred.

Mr. Takahashi commented that the outstanding issues were basically credit worthiness questions and asked to repeat the specific items.

Member Saito replied that additional documentation that need to be provided are a certificate of good standing, tax clearance, etc. Those items were listed in the Action Item. The lease agreement should include liability insurance coverage.

Member Okada asked whether the new owners are aware of the CPAC.

Mr. Takahashi stated that language could be inserted into the agreement.

Chairperson Goshi stated that the Action Item would be deferred to the next Authority meeting when those issues could be resolved.

Jack Hamada from the audience asked whether there would be a vote.

Chairperson Goshi responded in the negative.

#### IV. ITEMS FOR ACTION – DISCUSSION AND/OR DECISION MAKING

##### F. Phase IV of the 404 Piikoi Planned Development Project (PD 2-84)

Matthew Akamu summarized the Information Item distributed to the Authority and introduced the presenters.

Mr. Akamu reported that K2 Investors LLC is formulating the design of the last phase of the 404 Piikoi Planned Development Project with the intention to begin construction by the end of 2008.

The last phase, which is referred to as Phase IV, may include development of reserved housing units on a nearby site and supplemental floor area purchased from HCDA. Prior to finalizing Phase IV's development program, K2 Investors would like to present their design concepts for discussion and feedback from Authority Members.

Mr. Akamu introduced Daniel Nishikawa of K2 Investors to present their proposal.

Mr. Nishikawa introduced himself as the President of Woodridge Capital, K2 Investors LLC, and thanked the Authority for the opportunity to present their proposed joint development agreement and also the discussion of potential additional floor area for their project. He introduced his team - Scott MacKinnon, a partner of McCorriston Miller Mukai MacKinnon LLP, who was involved with the project since inception and also Gordon Wood, partner of Durrant Media Five, architect for the project and also the Koolani project.

Mr. Nishikawa provided a brief background on K2 Investors and Woodridge Capital. K2 Investors purchased the property from Crescent Heights last year and closed on the Phase IV tower site in January 2007.

Phase I of the project is Nauru Tower; Phase IIA of the project is 1133 Waimanu, which is 282 reserved housing units; Phase IIB is Hawaiki Tower; and Phase III is the Koolani Tower. He would be discussing the general overview of their plans for the Phase IV tower.

Mr. Nishikawa explained that it has been a collaborative effort working with the HCDA staff. K2 Investors approached the staff to resolve the issue of satisfying the affordable reserved housing requirements. Their first approach was to pay the in-lieu fees to satisfy the requirement because it is economically better for them. However, HCDA staff requested that they find another way to satisfy that requirement. They were able to identify two different exciting projects in Kakaako that they could convert to affordable housing. Once again, HCDA staff stated that was a little better than paying the in-lieu fee; but, would prefer new affordable housing units in Kakaako. They were able to identify a site across the street from the 404 Piikoi site that could be cleared and built to an affordable housing project. Mr. Nishikawa then introduced Mr. MacKinnon to give an overview of the 404 Piikoi Planned Development Project.

Mr. MacKinnon explained that the original Planned Development Permit for the 404 Piikoi site was issued by the Authority in 1984. In 1984, the land use plan showed the Queen/Auahi Street couplet that bisected the property. It was 17 ¼ acres of land in Kakaako. Originally, the project was approved for a total of 1,400 residential units of which 280 were designated reserved housing units and the balance of 1,120 would be market units.

In August 2000, an amendment was made to the Planned Development Permit which replaced the Queen/Auahi Street couplet with the Queen Street Extension and included moving the park to better benefit the community. That also required the towers to be relocated. Under the original plan, one of the towers was going to be a commercial office tower. In August 2000, the commercial office tower was replaced with a residential tower, which is now referred to as the Phase IV tower, and the total number of residential units increased from 1,400 to 1,702, including 282 reserved housing units in 1133 Waimanu.

At that time, Nauru Tower, Hawaiki Tower and Koolani combined for a total of 1,091 residential units. 1133 Waimanu satisfied the reserved housing requirements for the three existing towers. But with the change of the Phase IV tower into a residential tower, the 282 reserved housing units in 1133 Waimanu would be inadequate and additional reserved housing would be required. Mr. MacKinnon then turned the presentation back over to Mr. Nishikawa.

Mr. Nishikawa stated that since this was only an informational meeting, K2 Investors intended to return to the Authority with a formal application. Thus, some of the design drawings were subject to change. There were a couple of key issues that they wanted to be resolved and to receive feedback from the Authority. The potential for additional floor area and a joint development agreement would impact the design of the building and how many floors the building would have. However, whatever was decided, the tower would remain the same shape, height and massing.

Before K2 Investors meets with their neighbors, they wanted to receive some feedback from the Authority first on an idea of the direction to go in. They would then meet with their adjoining neighbors and present their proposed project.

On the proposed joint development, the property is located on Piikoi, Kona and Waimanu Streets and would have an address of 1126 Waimanu Street. Currently, it is an old building. K2 Investors intend to remove the building and replace it with an affordable housing project. They plan to architecturally tie in the front entrance of the affordable housing project with the 404 Piikoi Street project, possibly with a rock wall, trellis or water feature. The affordable housing project would have a potential of 64 units. When all the projects are put together, one out of every five units in the whole development would be an affordable unit.

Initially in May, when HCDA staff was approached, the building was setback per the setback requirements on both Kona and Piikoi Streets. It became a challenge to provide parking on the site and to maximize the efficiency of the site. Staff suggested creating an urban feel by moving the building closer to Kona and Piikoi Streets and in exchange adding retail space along Piikoi Street. The benefit provided to K2 Investors was being able to place all of the parking on the site.

The affordable housing units are intended to be sold as gap-group housing similar to the way 1133 Waimanu worked. The prices of those units would be based upon the statistics of median income and formulas and K2 Investors would work with HCDA staff to calculate the maximum price for the units based upon the AOA fees.

At this stage the design is preliminary. K2 Investors are aware of the fact that it is a long building. Not only would affordable housing units be built, but part of the joint development would enable the transfer of floor area to the tower. As stated before, Mr. Nishikawa said that the additional floor area would be worked into the existing building envelope; it would just be a matter of how many floors would be in the tower.

K2 Investors are also proposing the acquisition of approximately 57,000 square feet of additional floor area that is within HCDA's jurisdiction that may potentially be available for sale. Although the project doesn't need the extra footage, it would benefit the State as there is a shortfall of construction funds for the construction of the park and K2 Investors are offering \$2 million for the additional floor area. In the past there has been some precedent in selling floor area to other developers. It wasn't an easy sell for Mr. Nishikawa, he had to convince his partners that it would satisfy HCDA's shortfall.

The last thing that Mr. Nishikawa wanted to discuss was the shape of the tower which he knew was the reason why a lot of the residents from the Hawaiki Tower were in attendance. The original shape of the tower was shaped like a "bat wing." It wasn't the most efficient design because the walls of the units were angled. Thus, they went back to their architect and created a more rectangular building which now has Diamond Head facing views. From their standpoint and construction standpoint, it is more efficient to have a more rectangular building. They are aware of the view corridors coming off of Hawaiki. When the 404 Piikoi project was approved, it had certain radiuses around each of the buildings to ensure that the buildings weren't developed too close to each other. There are also the view corridors for the ocean views which predetermine views to be maintained.

The current design is much better from a view corridor standpoint. From the Mauka Ewa corner of Hawaiki Tower and the Makai corner of the Koolani, the current tower design is Mauka of those two points. From a massing standpoint, the Phase IV tower would be the same as Koolani and Hawaiki. When approaching Nauru Tower from Pensacola Street, a 5-story concrete wall can be seen. The Phase IV tower would hide this wall.

The other thing that K2 Investors have added to the original design is 10,000 square feet of retail space to the first floor along Waimanu Street, which staff suggested to create an urban feel. It would probably be a restaurant. Mr. Nishikawa asked whether there were any questions.

Member Kimura asked how many parking stalls they would have.

Mr. Nishikawa responded that they are over-parked. The current design has more than one parking space per bedroom. They are debating whether to add more or to sell additional spaces to the residents. The traffic circulator of Phase IV was designed with Koolani so that the driveways are shared and the parking garages are joined.

Member Kimura asked whether there was a possibility of including public parking and whether HCDA could offset that with some benefits.

Mr. Nishikawa commented that was an interesting concept that they did not study. If the access points could be figured out so that the residents would have a secure parking, they could look and see how to create a public access and design it with a ticket booth.

Member Kimura stated that he personally would like to see public parking if it could be done to create a win-win situation where HCDA could give K2 Investors something to offset the loss, because that would be the last big property in the area.

Mr. Nishikawa stated that HCDA staff had asked them to share the existing ramp on Waimanu Street with Hawaiki Tower, but they had not approached Hawaiki yet. Currently, they have their own exit ramp designed for their project. From a planning standpoint and efficiency standpoint, HCDA would prefer to have one driveway, but their current plans include their own exit ramp. Mr. Nishikawa couldn't make any promises as far as the public parking was concerned, but said that he would look into it.

A member of the audience asked about traffic jams on Waimanu Street.

Mr. Nishikawa stated that the restaurant would use valet parking. There is ample parking and driveway access from the project.

Member Formby asked whether it was an L shaped lot.

Mr. Nishikawa responded that it was L shaped building.

Member Formby asked whether there were any other existing buildings outside of the lot on Waimanu Street.

Mr. Nishikawa referred to a drawing of the building and pointed out that the retail space would sit along the frontage of Piikoi Street and there are other existing buildings that they do not have in escrow.

Member Liu asked what was there.

Mr. Nishikawa replied that there was some office and retail businesses with a bar and nightclub.

Chairperson Goshi commented that the additional floor area that they are requesting has the potential to be exchanged for either parks or parking or

more housing. But the sense he received from the Authority is that the value can be utilized for specific needs of that area which could be either park or parking.

Mr. Nishikawa asked for clarification of the public parking; whether it was for the public to park and walk to General Growth's property.

Member Kimura responded that it would basically be for small businesses in the area that do not have enough parking for their employees.

Chairperson Goshi added that funds could be used to set up a parking fund.

Mr. Nishikawa stated that they may be able to build additional parking spaces because they have excess parking, but it would be dedicated to employee type parking instead of the general public.

Chairperson Goshi explained to the members of the audience that at this point, this was an informational meeting. Another meeting would be held later for decision-making at which time the public would have an opportunity to provide input. Thus, the Authority would not be taking any questions at this time.

Member Formby, in reviewing the drawing, asked what the gray rectangular structure Makai of the tower was.

Mr. Nishikawa replied that it was the parking structure for Koolani. He explained that the parking structures would tie in with Koolani's parking structure and would be at the same level. The recreation deck would also be at the same level.

Member Okada asked how the planned mass transit would affect the reserved housing units.

Mr. Nishikawa explained that they knew that there would be road widening on Kona Street so they incorporated it into their plan. They have pushed the building back in anticipation of the street widening. They consider it to be a benefit to the project as it would be at the hub of the transit at Ala Moana. He understood that it would be right across the street on Kona Street and Ala Moana.

Member Okada commented that his understanding is that the transit line would be further in by the shopping center. He asked whether it would be better if the building was further back from Kona Street.

Mr. Nishikawa explained that the original design called for a 15-foot setback with landscaped grass. However, in this particular area HCDA staff was leaning more toward an urban feel. He asked Mr. Akamu or Mr. Neupane to address that question.

Mr. Akamu stated that Kona Street is designated for road widening, with a 10-foot wide setback for the property in addition to a 15-foot front yard, which is a standard front yard requirement that would result in total setback of 25 feet. Staff told the developer that perhaps it would be more appropriate to narrow the front yard from 15 feet to 5 feet. That would enable some design improvements for the parking on the grade and in combination with adjusting the yard; it could create a more urban feel with the retail frontage along Piikoi.

Member Okada asked about the view plane.

Mr. Akamu replied that it was a local street and not a view corridor street. The issue with the front yard being reduced gives the developer more design flexibility to provide an efficient parking lot.

Mr. Nishikawa stated that the other trade off was that staff asked them to provide the retail space. Their original design did not have retail space. But because it would not be a problem to build retail space, they added it in at staff's request. So it was give and take on the setbacks, and they incorporated the retail space along Piikoi to create an urban feel.

Member Okada asked whether they were going to make presentations to the Neighborhood Board.

Mr. Nishikawa responded in the affirmative. But explained that they felt it was appropriate to present their ideas at an informational meeting to the Authority first before meeting with anyone else.

Member Chang commented that the 64 units of reserved affordable housing on the corner of Piikoi and Kona Streets would be prime location and asked whether there was a possibility of making the building taller, just like 1133 Waimanu provided 282 units.

Mr. Nishikawa explained that from a construction cost standpoint once a certain height is reached, it would have to be a different type of structure. From a cost and efficiency standpoint, that would be the most efficient way for them to satisfy the requirement since it is a very long lot. In addition, the lot was very expensive, more than \$10 million for the site. They are maximizing the best they can from a cost standpoint, the land and space and use of the site. The site is not conducive for a high rise building or for

anything vertical because it is too long and narrow. From a cost standpoint it wouldn't even be considered.

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

G. Update on Kakaako Makai Community Planning Advisory Council

Deepak Neupane summarized the Information Item distributed to the Authority.

Mr. Neupane reported that the members of the Advisory Working Group voted unanimously to change the group's name to Kakaako Makai Community Planning Advisory Council or "CPAC."

The group's Facilitator Selection Committee met several times to develop a recommendation on the selection of a facilitator for Phase II for the Kakaako Makai planning process. A copy of the notes from those meetings as well as the group's recommendation was included in the Members' packets.

The group is recommending that the Spark M. Matsunaga Institute for Peace at the University of Hawaii be selected as the facilitator for Phase II of the planning process.

The group is also proposing a budget of \$52,800 for the facilitation work that is expected to last one year.

The group's proposed one year action plan was also included in the Members' packets.

After feedback from the Authority, staff would be requesting funding and authorization to contract with Spark M. Matsunaga Institute for Peace at the October meeting.

Mr. Neupane introduced Dr. Nancy Hedlund, one of the members of the CPAC and its Facilitation Selection Committee, and stated that she was available to answer any questions the Authority Members had.

Chairperson Goshi asked whether the Members had any questions.

Member Liu asked what the specific deliverables would be for the money spent on Phase II.

Mr. Neupane responded that the vision and guiding principles and action steps are the result of Phase II.

Chairperson Goshi commented that it was a community process and they are hiring a facilitator for another six to eight meetings.

Mr. Neupane stated that it would probably go to six or eight meetings, but the group anticipates 12 meetings.

Member Liu understood the process to include a vision and guiding principles and action steps. The reference to facilitated meetings, meeting summaries and approved bylaws are tangible items to him. The vision statement is tangible. However, Member Liu wasn't sure what was meant by "guiding principles to develop and plan an RFP for Phase III for consultation to develop waterfront vision and waterfront concept master plan." Member Liu wanted clarity as to what would the Authority get out of the completion of Phase II.

Mr. Neupane responded that from the group's perspective, to come to some agreement on the vision and the guiding principles and the process of moving forward with how the Waterfront would be developed. There would be documentation and it could be incorporated as a recommendation for an RFP. In terms of tangibles, it is not going to be a document, like an RFP or proposal. It would be more like guidelines as to what the committee wants to see developed at the Waterfront.

Chairperson Goshi stated that most of the funds would be for the facilitator to conduct the meetings.

Mr. Neupane added that the vision statement and guiding principles would be the result of those meetings.

Member Liu understood that most of the funds would be for the facilitator. But, he was still trying to figure out what would be the result of Phase II. He asked whether Phase II would revise HCDA's vision statement and guiding principles.

Mr. Neupane replied in the negative. The vision statement and guiding principles would be just for the Waterfront area.

Member Chun commented that the facilitator's job would also be to keep the group within the Makai Area Plan and Rules. He was not sure what the vision statement and guiding principles were for.

Mr. Neupane responded that in the end, the community and HCDA could mutually agree on the vision for the Waterfront area.

Chairperson Goshi stated that it was an interactive process.

Nancy Hedlund stated that she was not the formal representative of the group, but that she was part of the group. She explained that last year, there was a big problem and the Legislature created a resolution to form a community advisory group. There are approximately 70 people who are strangers that have come together to form this advisory group. Strangers do not get together in one room and form a cohesive coherent rational advisory process, which must now take place. The outcome of the facilitation besides written documentation would be for a coherent community voice on an agreement as to the best ideas for the Kakaako Makai area. Although it is not a tangible benefit that could be held in someone's hand, that is what the group was hoping for.

Member Liu asked for clarification that the result of Phase II would be the community's idea of what the Waterfront would look like. He commented that Phase II deliverable would be to plan for Phase III and Phase III would be to plan for Phase IV. It sounded like to Member Liu that the result of Phase II would be for the community advisory group to develop its vision of the Waterfront.

Ms. Hedlund responded that it would be the vision and guiding principles for the planning, more like a concept plan. It wouldn't be a fully developed plan that could be taken to a developer. But a concept plan is like a footprint.

Chairperson Goshi commented that it was philosophies and visions and concepts. It would not be a plan, but more of a philosophical example.

Member Saito expressed his concern about the statement, "develop a plan and an RFP for Phase III for consultation to develop waterfront vision and waterfront concept master plan." This is the plan that the Authority would be approving at some point in time. He thought that the Authority was supposed to come up with the plan and then bounce the plan off the advisory group.

Chairperson Goshi commented that lessons learned from the RFP process was that it was very secretive. He thought the Authority should go with the RFQ process when selecting a developer to work together to form a plan. Chairperson Goshi thought that the language needed to be changed from RFP to RFQ. For the time being, a facilitator is needed. The physical product could be something that could be worked on, but the bulk of the material

would be the idea and vision. To get all the different viewpoints takes a lot of time and meetings.

Member Saito commented that he was hoping to have a representative speaking for the advisory group and that it would be structured, and how the advisory group would be constituted, and how the members are selected. That would be valuable. Instead, the group is still not functioning and they don't have bylaws, or rules of operation. He questioned if someone left the membership, how that person be replaced.

Chairperson Goshi stated that it seemed like the group was working on it and it was in discussion.

Mr. Neupane added that there have been discussions on the bylaws, but the group has not come to any conclusion.

Member Liu commented that one of the first things should be how to arrange the group and what are the bylaws of the committee and who votes. The facilitator would only conduct the meetings, but in the end something is going to be voted on and presented to the Authority. If Phase II is supposed to deliver bylaws, he wasn't sure why it had to be facilitated.

Chairperson Goshi thought that a facilitator would be good because it would provide organization.

Mr. Neupane stated that the group is working on the bylaws and they currently have a facilitator. The group has done a lot of work in drafting the bylaws, but it is not quite completed yet. He believes that before the actual Phase II work starts, the group would need some form of bylaws on how the group would operate.

Member Liu stated that he preferred having bylaws as a condition.

Chairperson Goshi commented that he thought a facilitator would be needed to create the bylaws otherwise there would be no consensus.

Ms. Hedlund stated that the facilitator has experience working with these groups and there needs to be a way of how the advisory group is going to relate and interact with the Authority in the long term and an ongoing basis. Mr. Neupane has been helpful in presenting to the advisory council the parameters of the Makai Area.

Chairperson Goshi stated that it is in agreement that the bylaws would be something that the group could finalize.

Member Kimura commented that the Authority should be careful not to control how the advisory group does things as it was formulated to do independent study.

Member Liu asked what if the group asked the Authority for a vote.

Member Kimura commented that he attended the last meeting and he was favorably impressed with the amount of input and diversity of the group. He thought that the Authority should give the group some leeway and let them progress.

Member Saito expressed his concern that that advisory board was formed to give meaningful input on plans that are developed, but how would the Authority present it to them for meaningful input if they are not organized.

Member Okada stated that he has participated in the group from the beginning (which he cleared with the Deputy Attorney General). It is not easy to pull a diverse group together when everyone has an opinion and everyone is considered on an even basis. Ultimately, the Authority has the final say.

Member Chun commented that the problem is there is no structure.

Member Okada replied that it was being formed.

Member Liu commented that if tomorrow a plan were to be taken to the group, there would be 110 different individual feedbacks which would not be helpful to the Authority.

Member Okada felt that it would be the other way around that the group would come up with a vision and present it to the Authority. Then the Authority would say whether they liked it or not. The Authority would have the final word. If that is different, then it should be made known.

Member Saito stated that it goes back to the law and it states that the committee should be formed to give meaningful input. What Member Okada is suggesting is the expectation of the people participating that they would form the vision; they would create the plan and present it to the Authority.

Chairperson Goshi commented that the word plan should be eliminated from people's minds. There are currently no plans. Theoretically, the purpose is to generate philosophy and it has nothing to do with a plan. Set up the vision process first, and then the plan is developed. The problem is there is always a plan first, but the point is the other way around, to form a vision first.

Member Chun questioned why the group would change the name to planning advisory council. It showed that they already had that philosophy in their title.

Chairperson Goshi thought that a facilitator should be hired. Then discuss the bylaws. Guiding principles and philosophy would come later. Currently, there is no plan. The point was to get the community feedback and then develop a concept and then hopefully a RFP or RFQ of what the development would look like.

Member Saito commented that was helpful. He wanted to know whether that was the group's understanding and if that is, then the Authority could move forward, but if not, then there are issues that need to be resolved.

Member Liu stated that at this point no one is speaking for the group. He appreciated Ms. Hedlund's passion and commitment and asked whether that was her view.

Ms. Hedlund commented that the Authority should give the group a chance before they are judged as being misguided. If the Authority sits and worries about who suggests the good ideas, it is missing the point for Kakaako Makai. The group could suggest ideas that are so good that the Authority would have to say that it is a wonderful idea for Kakaako Makai. They are not trying to be first or second. They are adding community input into the process. Ms. Hedlund explained that advisory groups do not form gracefully. If they are top down, they have order, but they don't have the community spirit. If they have community engagement, they come from the ground up, they develop intuitively and eventually a leader representative would emerge and speak to the Authority and become orderly. She asked for a little more time.

Chairperson Goshi asked Ms. Hedlund as a follow-up to Member Saito's question whether she saw the process as bylaws, guiding principles, philosophy, and then plan.

Ms. Hedlund responded in the affirmative.

Chairperson Goshi stated that they agree.

Jack Hamada from the audience commented that the committee hasn't set the bylaws and that is what they have to do first. After they complete that, then they would have a representative that could attend the Authority meetings. All this time they have been complaining about this and that and they haven't set the bylaws.

Michelle Matson from the audience commented that she has been meeting with the bylaws committee. Their committee came forth with a very sophisticated set of bylaws based on this type of group. When it was presented to the group, a few people questioned why should there be bylaws. So that set everyone back. There were just one or two outspoken people and the group had to start all over again in order to pull everybody together. At the next meeting, the group is hoping to be able to work with the people involved to finalize the structure; figure out who would be representing and speaking for the group; and the bylaws. For that reason, it was very important to have a professional responsible facilitator.

Chairperson Goshi agreed. A facilitator is needed to organize and put the thoughts together.

Member Piper asked Mr. Takahashi whether funds have been set aside for this effort.

Mr. Takahashi responded that there were none and that it was currently open ended.

Member Piper commented that there is a reasonable request for money that has to compete with all the other requests that the department has to decide on. With the lack of resources, the Authority Members are trying to find out what the tangible results are because these are the kinds of questions they have to answer to every day. The Members have the fiduciary responsibility to make sure that the resources are used in the most prudent responsible manner, which is why they need to ask those questions. He agreed with Member Saito that everyone needs to go back to the source, the law that dictates the relationship. There are growing pains and that is to be expected. If the group and the Authority are to work together with the intent of the law, then there would be growing pains. He asked the group to understand that the Members are upholding their fiduciary responsibilities. Member Piper expressed his concern that he didn't want someone saying one thing and then another splinter group saying another. He didn't want to deal with the committee if they did not have it together.

Chairperson Goshi stated that with what the group is attempting to do, they need a facilitator. As far as the funds, that is the best way to spend it to get the foundation set first, otherwise the process could go on forever and more money could be lost.

Member Kimura agreed that a facilitator was needed; someone objective.

Member Liu stated that today's item was for informational purposes only.

Mr. Neupane noted that the staff would be coming back in October for the approval on the funding issue.

Member Bradley asked Ms. Matson to elaborate on the bylaws because in reviewing the notes there seemed to be a lot of good input on the different elements and that they were making progress. He asked whether the committee was looking at votes or whether they were going to go back to the group with the same bylaws that she had.

Ms. Matson responded that the group is taking each point in the bylaws constructively and working with each point with the group, which is why a facilitator was needed because peer members can't always facilitate their peer members. They are basically following the original bylaws that they had, but the language would be changed. Comments were not received by the deadline. However, there were some good suggestions that were incorporated. They are trying for consensus, but if not they would go with the majority vote. But the group is determined to get it done.

Member Saito commented that there was an estimate for a facilitator, which he thought was pretty reasonable to produce bylaws. He asked what the group would be doing in the next 12 months.

Mr. Neupane replied that that it was not only for the bylaws, but for the visioning process.

Ms. Matson commented that the next phase would be to develop a vision and guiding principles. Plans such as the Waianae Community Plan could be used as a model. From there develop an action plan or strategic plan on how those visions and guiding principles would be implemented into a conceptual type of proposal or idea that the group could work with HCDA in a partnership to get the very best solution for Kakaako Makai.

Chairperson Goshi stated that everyone should take the issue at hand. Once a scope of work is developed, break it down into all the things the group wants to get accomplished and the Authority would evaluate the action. He cautioned that the discussion was jumping ahead.

Member Saito stated for the record that he wants to help the process along. Since there is currently no one to get meaningful input from, he asked whether things could move forward or would things have to wait.

Chairperson Goshi stated that the schedule should be part of the scope of work and it could be discussed later.

Member Saito commented that there are projects ongoing in Kakaako and the Legislature has told the Authority to get meaningful input from the advisory group. But there is no advisory council to give the Authority input. There are plans that have to move forward. He wanted to know whether the plans would be held up or would the Authority be forced to move forward without meaningful input from the group because they are not set up.

Member Kimura asked whether Member Saito wanted a timeline of when the group was going to be organized.

Member Saito responded that he wanted to get meaningful input.

Mr. Neupane stated that he would work with the group as a meeting was coming up on September 19, 2007.

Member Liu commented that everything that HCDA has been asked to do starts out with the source document, the legislation, and based on that he wanted to know how the group would function.

Mr. Neupane stated that the feedback from the Authority puts pressure on the group to finalize the bylaws and have rules by which the group would function.

Chairperson Goshi commented that it is an interactive process and the guiding principles are the major outcome. The schedule is long because the end product is pretty aggressive.

Ms. Matson stated that she thought the group was moving in the right direction, but they just needed a facilitator.

Member Liu commented that he had a better sense of where the group was.

#### IV. EXECUTIVE SESSION

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

Discussion of ground lease negotiation considerations for below market ground leases, pursuant to Section 92-5(a)(3) and (4) to deliberate concerning the Authority of persons designated by the Authority to negotiate the

acquisition of public property or during the conduct of such negotiations and to consult with the board's attorney.

Discussion of Kewalo Basin lawsuit, pursuant to Section 92-5(a)(4) to consult with the Board's attorney on question and issues pertaining to Kewalo Ocean Activities (KOA) and Kahala Catamarans, Inc. vs. Dinell, et. al. lawsuit.

It was moved by Member Piper and seconded by Member Liu to enter into Executive Session. The motion carried 11 to 0, excluding Kalaeloa Members.

Chairperson Goshi requested that Deputy Attorney General Melvin Nishimoto; Interim Executive Director Teney Takahashi; Director of Planning and Development Deepak Neupane; and Asset Manager Richard Kuitunen to join in the Executive Session discussions.

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The Hawaii Community Development Authority entered into Executive Session at 11:25 a.m.

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Member Chang left the meeting at 12:00 p.m.

It was moved by Member Saito and seconded by Member Kimura to reconvene the regular meeting. The motion was carried 9 to 0 with 1 excused (Member Chang) and excluding the Kalaeloa Members.

The meeting was reconvened at 12:45 p.m.

VII. ADJOURNMENT

There being no further business, it was moved by Member Saito and seconded by Member Piper to adjourn the meeting at 12:45 p.m. The motion passed 9 to 0 with 1 excused (Member Chang) and excluding the Kalaeloa Members.

Respectfully submitted,

/s/

Michael Goshi  
Chairperson